

NEW ISSUE – BOOK-ENTRY ONLY
– BANK QUALIFIED

RATING⁽¹⁾
Moody's Investors Service: "Aa2"

Subject to compliance by the County with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"), under present law, interest on the Certificates is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Certificates is not exempt from present State of Illinois income taxes. See "TAX EXEMPTION" herein for a more complete discussion. The Certificates are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

\$9,350,000*

THE COUNTY OF LEE, ILLINOIS
Debt Certificates, Series 2017

Dated: Date of Delivery

Due: October 1, as shown on inside front cover

The Debt Certificates, Series 2017 (the "Certificates"), of The County of Lee, Illinois (the "County"), will be issued in fully registered form and will be registered initially only in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Certificates. Purchasers of the Certificates will not receive certificates representing their interests in the Certificates purchased. Ownership by the beneficial owners of the Certificates will be evidenced by book-entry only. Payments of principal of and interest on the Certificates will be made by Amalgamated Bank of Chicago, Chicago, Illinois, as registrar and paying agent, to DTC, which in turn will remit such payments to its participants for subsequent disbursement to the beneficial owners of the Certificates. As long as Cede & Co. is the registered owner as nominee of DTC, payments of principal of and interest on the Certificates will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. Individual purchases of the Certificates will be made in the principal amount of \$5,000 or any integral multiple thereof.

The Certificates will bear interest from their dated date at the rates per annum as shown on the inside cover page. Interest on the Certificates (computed on the basis of a 360-day year consisting of twelve 30-day months) will be payable semi-annually on each April 1 and October 1, commencing April 1, 2018. The Certificates are subject to redemption prior to maturity, as more fully described herein under "THE CERTIFICATES – Redemption Provisions."

Proceeds of the Certificates will be used to (a) construct and renovate the County's law enforcement center, including construction of a new jail facility and (b) pay costs associated with the issuance of the Certificates.

In the opinion of Bond Counsel, the Certificates are valid and legally binding obligations of the County payable from any funds of the County legally available for such purpose, except that the rights of the owners of the Certificates and the enforceability of the Certificates may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights, and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. There is no statutory authority for the levy of a separate tax in addition to other County taxes or the levy of a special tax unlimited as to rate or amount to pay the principal and interest due on the Certificates. The County agrees to appropriate funds annually and in a timely manner so as to provide for the making of all payments when due under the terms of the Certificates. See "THE CERTIFICATES – Security" herein.

The Certificates are offered when, as and if issued by the County and received by Raymond James & Associates, Inc., Chicago, Illinois (the "Underwriter"), subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, and certain other conditions. Chapman and Cutler LLP is also passing on certain matters for the Underwriter. Certain legal matters will be passed upon for the County by the Lee County State's Attorney. It is expected that beneficial interests in the Certificates will be available for delivery through the facilities of DTC on or about October __, 2017.

RAYMOND JAMES

(1) See "CERTIFICATE RATING" herein.

September __, 2017

*Preliminary, subject to change

\$9,350,000*
THE COUNTY OF LEE, ILLINOIS
Debt Certificates, Series 2017

MATURITY SCHEDULE*

<u>October 1</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾ (_____)</u>
2018	\$320,000			
2019	325,000			
2020	340,000			
2021	355,000			
2022	365,000			
2023	380,000			
2024	395,000			
2025	415,000			
2026	430,000			
2027	445,000			
2028	465,000			
2029	485,000			
2030	505,000			
2031	520,000			
2032	545,000			
2033	565,000			
2034	590,000			
2035	610,000			
2036	635,000			
2037	660,000			

(1) CUSIP data herein is provided by the CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw-Hill Companies Financial. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers may also be subject to change after the issuance of the Certificates.

*Preliminary, subject to change

No dealer, broker, salesman or other person has been authorized by the County or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering described herein and if given or made, such other information or representations must not be relied upon as statements having been authorized by the County, the Underwriter or any other entity. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Certificates, nor shall there be any offer to sell or solicitation of an offer to buy the Certificates by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is submitted in connection with the sale of the securities described in it and may not be reproduced or used, in whole or in part, for any other purposes.

Unless otherwise indicated, the County is the source of all tables and statistical and financial information contained in this Official Statement. The information contained in this Official Statement concerning DTC has been obtained from DTC. The other information set forth herein has been furnished by the County or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date of this Official Statement.

This Official Statement should be considered in its entirety and no one factor considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Any statements made in this Official Statement, including the Exhibits and Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the County's beliefs as well as assumptions made by and information currently available to the County. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the County from time-to-time, may be treated as an Official Statement with respect to the Certificates described herein and is "deemed final" by the County as of the date hereof (or of the date of any supplement or correction) except for the omission of certain information permitted to be omitted pursuant to such Rule.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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THE COUNTY OF LEE, ILLINOIS

Old Courthouse
112 East Second Street
Dixon, Illinois 61021

COUNTY BOARD

James Wentling
Chairman

<u>District</u>	<u>Board Member</u>	<u>District</u>	<u>Board Member</u>
1	David Gusse	3	David Bowers
1	Rick Humphrey	3	Doug Farster
1	Michael Koppien	3	Thomas Kitson
1	Bob Olson	3	Arlan McClain
1	Clay Partington	3	Isaac Mercer
1	Marilyn Shippert	3	Gregory Witzleb
2	Allyn Buhrow	4	Tim Deem
2	Kasey Considine	4	Bob Gibler
2	Gerald Leffelman	4	Bill Palen
2	Lirim Mimini	4	Charles Thomas
2	John Nicholson	4	James Wentling
2	Judy Truckenbrod	4	Marvin Williams

COUNTY OFFICIALS

Theresa Wittenauer
County Administrator

Cathy Myers
County Clerk and Recorder

John Simonton
Sheriff

Denise McCaffrey-Ehrmann
Circuit Clerk

John F. Fritts
Treasurer

Jesse P. Partington
Coroner

Matthew T. Klahn
State's Attorney

Professional Services

Underwriter
Raymond James & Associates, Inc.
Chicago, Illinois

Bond Counsel and Underwriter's Counsel
Chapman and Cutler LLP
Chicago, Illinois

Registrar and Paying Agent
Amalgamated Bank of Chicago
Chicago, Illinois

Auditor
Wipfli LLP
Sterling, Illinois

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OFFICIAL STATEMENT

\$9,350,000*
THE COUNTY OF LEE, ILLINOIS
Debt Certificates, Series 2017

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning The County of Lee, Illinois (the "County"), in connection with the offering and sale of its Debt Certificates, Series 2017 (the "Certificates").

This Official Statement contains "forward-looking statements" that are based upon the County's current expectations and its projections about future events. When used in this Official Statement, the words "project," "estimate," "intend," "expect," "scheduled," "pro-forma" and similar words identify forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and factors that are outside of the control of the County. Actual results could differ materially from those contemplated by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Neither the County nor any other party plans to issue any updates or revisions to these forward-looking statements based on future events.

THE CERTIFICATES

Authority and Purpose

The Certificates are being issued pursuant to the Counties Code of the State of Illinois (the "Counties Code"), the Local Government Debt Reform Act of the State of Illinois (the "Debt Reform Act"), and all laws amendatory thereof and supplementary thereto, and a certificate ordinance adopted by the County Board of the County (the "Board") on the 19th day of September, 2017, as supplemented by a notification of sale (together, the "Certificate Ordinance").

Proceeds of the Certificates will be used to (a) construct and renovate the County's law enforcement center, including the construction of a new jail facility (the "Project"), and (b) pay costs associated with the issuance of the Certificates. See "THE PROJECT" herein. In order to complete the Project, the County expects to issue an additional not to exceed \$5,000,000 of bonds in calendar year 2018. See "FUTURE DEBT" herein.

General Description

The Certificates will be dated the date of issuance thereof, will be in fully registered form, without coupons, and will be in denominations of \$5,000 or any integral multiple thereof under a book-entry only system operated by The Depository Trust Company, New York, New York ("DTC"). Principal of and interest on the Certificates will be payable by Amalgamated Bank of Chicago, Chicago, Illinois (the "Registrar"). The Certificates will mature as shown on the inside cover page hereof. Interest on the Certificates will be payable each April 1 and October 1, beginning April 1, 2018.

The Certificates will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Certificates will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Registrar. Interest on each Certificate will be paid by check or draft of the Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Certificate is registered at the close of business on the 15th day of the month next preceding the interest payment date.

*Preliminary, subject to change

Registration and Transfer

The Registrar will maintain books for the registration of ownership and transfer of the Certificates (the "Register"). Subject to the provisions of the Certificates as they relate to book-entry form, any Certificate may be transferred upon the surrender thereof at the principal corporate trust office of the Registrar, together with an assignment duly executed by the registered owner or his or her attorney in such form as will be satisfactory to the Registrar. No service charge shall be made for any transfer or exchange of Certificates, but the County or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Certificates except in the case of the issuance of a Certificate or Certificates for the unredeemed portion of a Certificate surrendered for redemption.

The Registrar shall not be required to transfer or exchange any Certificate during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Certificate and ending at the opening of business on such interest payment date, nor to transfer or exchange any Certificate after notice calling such Certificate for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Certificates.

Redemption

The Certificates due on or after October 1, 2028* are subject to redemption prior to maturity at the option of the County as a whole or in part in integral multiples of \$5,000 in any order of their maturity as determined by the County (less than all of the Certificates of a single maturity to be selected by the Registrar), on October 1, 2027*, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

The County will, at least 45 days prior to any optional redemption date (unless a shorter time period shall be satisfactory to the Registrar), notify the Registrar of such redemption date and of the principal amount and maturity or maturities of Certificates to be redeemed. For purposes of any redemption of less than all of the outstanding Certificates of a single maturity, the particular Certificates or portions of Certificates to be redeemed shall be selected by lot by the Registrar from the Certificates of such maturity by such method of lottery as the Registrar shall deem fair and appropriate (except when the Certificates are held in a book-entry system, in which case the selection of Certificates to be redeemed will be made in accordance with procedures established by DTC or any other book-entry depository); *provided* that such lottery shall provide for the selection for redemption of Certificates or portions thereof in principal amounts of \$5,000 and integral multiples thereof.

Unless waived by any holder of Certificates to be redeemed, notice of the call for any redemption will be given by the Registrar on behalf of the County by mailing the redemption notice by first-class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Certificates to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such registered owner to the Registrar.

Unless moneys sufficient to pay the redemption price of the Certificates to be redeemed are received by the Registrar prior to the giving of such notice of redemption, such notice may, at the option of the County, state that said redemption will be conditional upon the receipt of such moneys by the Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the County will not redeem such Certificates, and the Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Certificates will not be redeemed. Otherwise, prior to any redemption date, the County will deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Certificates or portions of Certificates which are to be redeemed on that date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Certificate Ordinance, and notwithstanding failure to receive such notice, the Certificates or portions of Certificates so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the County shall default in the payment of the redemption price) such Certificates or portions of Certificates shall cease to bear interest. Upon surrender of such Certificates for redemption in accordance with said notice, such Certificates will be paid by the Registrar at the redemption price.

*Preliminary, subject to change

Security

The Certificates, in the opinion of Bond Counsel, are valid and legally binding obligations of the County payable from any funds of the County legally available for such purpose, except that the rights of the owners of the Certificates and the enforceability of the Certificates may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights, and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. There is no statutory authority for the levy of a separate tax in addition to other County taxes or the levy of a special tax unlimited as to rate or amount to pay the principal and interest due on the Certificates. The County agrees to appropriate funds annually and in a timely manner so as to provide for the making of all payment when due under the terms of the Certificates.

Pursuant to Section 13 of the Debt Reform Act, the County has also pledged all revenues derived from the County Public Safety Occupation Tax (as hereinafter defined) (the "Sales Tax Revenues") as security for the payment of the Certificates. This pledge, as set forth in the Certificate Ordinance, is an agreement between the County and the Certificateholders to provide security for the Certificates in addition to any statutory lien.

Reference is made to Appendix A for the proposed form of opinion of Bond Counsel.

County Public Safety Occupation Tax Law

Section 5-1006.5 of the Counties Code (the "County Public Safety Occupation Tax Law") authorizes the Board to impose a tax upon all persons engaged in the business of selling tangible personal property, other than personal property titled or registered with an agency of the government of the State of Illinois (the "State"), at retail in the County on the gross receipts of the sales made in the course of business, and a service occupation tax upon all persons engaged in the County in the business of making sales of service, who, as an incident to making those sales of service, transfer tangible personal property within the County, at a rate of .50% to provide revenue to be used exclusively for public safety purposes (the "County Public Safety Occupation Tax"). "Public Safety Purposes" includes, but is not limited to, crime prevention, detention, firefighting, police, medical, ambulance or other emergency services. The Project constitutes a Public Safety Purpose within the meaning of the County Public Safety Occupation Tax Law.

The County Public Safety Occupation Tax Law allows the County to impose the County Public Safety Occupation Tax if a proposition regarding the tax is submitted to the electors of the County and approved by the majority of the electors voting on the proposition. The Board submitted the question (the "Proposition") of imposing the County Public Safety Occupation Tax to the electors of the County at the consolidated election held on April 4, 2017. The Proposition was approved by a vote of 3,914 (63.84%) to 2,217 (36.16%). The Board imposed the County Public Safety Occupation Tax by an ordinance adopted on the 18th day of April, 2017 (the "Imposition Ordinance").

The County Public Safety Occupation Tax Law requires that the County certify the results of the election and the Imposition Ordinance with the Illinois Department of Revenue (the "DOR") to initiate imposition of the County Public Safety Occupation Tax. Because the County filed the results of the election and the Imposition Ordinance with the DOR prior to May 1, 2017, the DOR began to administer and enforce the County Public Safety Occupation Tax on July 1, 2017, as provided for in the County Public Safety Occupation Tax Law. The County expects to begin receiving Sales Tax Revenues in October, 2017. **The County expects to receive approximately \$1,030,000 of Sales Tax Revenues annually.**

Once a county board imposes the County Public Safety Occupation Tax, such county board may, by ordinance, discontinue or reduce the rate of the County Public Safety Occupation Tax. If a county board lowers the tax rate or discontinues the tax, a referendum must be held as described above in order to increase the rate of the tax or to reimpose the discontinued tax. **As set forth in the Proposition, the County Public Safety Occupation Tax will sunset after 25 years, if not terminated earlier by the vote of the Board.**

Although the Sales Tax Revenues are pledged to the payment of the Certificates, amounts available to pay debt service due on the Certificates is not limited to such revenues. As described in "THE CERTIFICATES – Security" above, the Certificates are payable from any funds of the County legally available for such purpose.

THE PROJECT

The proceeds of the Certificates will be used to construct and renovate an approximately 46,000 square foot law enforcement facility, including a new jail facility. After completion of the Project, the jail facility will house 80 beds. The County’s law enforcement center will include the sheriff’s department, the coroner’s office and the 911 Center. The County expects to complete the Project by the Summer of 2019.

SOURCES AND USES

Sources of Funds

Principal Amount
Reoffering Premium
Total

Uses of Funds

Deposit to Project Fund
Costs of Issuance ⁽¹⁾
Total

(1) Includes Underwriter's discount, Bond Counsel fees, Underwriter’s counsel fees, rating agency fee and other issuance costs.

RISK FACTORS

The purchase of the Certificates involves certain investment risks. Accordingly, each prospective purchaser of the Certificates should make an independent evaluation of the entirety of the information presented in this Official Statement and its appendices and exhibits in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Certificates, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

Finances of the State of Illinois

The State has experienced adverse fiscal conditions resulting in significant shortfalls between the State’s general fund revenues and spending demands. The State failed to enact a full budget for the State fiscal years ending June 30, 2016 and June 30, 2017, which had a significant, negative impact on the State’s finances, although certain spending occurred through statutory transfers, statutory continuing appropriations, court orders and consent decrees, including spending for elementary and secondary education. In addition, the underfunding of the State’s pension systems and a bill backlog of billions of dollars contributed to the State’s poor financial health. On July 6, 2017, the General Assembly of the State enacted a budget for the State fiscal year ending June 30, 2018 (the “Fiscal Year 2018 Budget”).

Under current law, the State shares a portion of sales tax, income tax and motor fuel tax revenue with certain units of local government, including the County. The State’s general fiscal condition, the underfunding of the State’s pension systems and the State’s budget impasse have materially adversely affected the State’s financial condition and may result in decreased or delayed revenues allocated to the County. In addition, the Fiscal Year 2018 Budget contains a provision reducing the amount of income tax revenue to be deposited into the Local Government Distributive Fund for distribution to municipalities, like the County, by 10%. The Fiscal Year 2018 Budget also includes a service fee of 2% of sales taxes locally imposed and collected on behalf of municipalities by the State. The County cannot determine at this time the financial impact of these provisions on its overall financial condition but such provisions may result in lower income tax revenues and sales tax revenues distributed to the County in the future.

The County can give no assurance that there will not be additional changes in applicable law modifying the manner in which local revenue sharing is allocated by the State.

Local Economy

The financial health of the County is in part dependent on the strength of the local economy. Many factors affect the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the County.

Loss or Change of Certificate Rating

The Certificates have received a credit rating from Moody's Investors Service, New York, New York ("Moody's"). The rating can be changed or withdrawn at any time for reasons both under and outside the County's control. Any change, withdrawal or combination thereof could adversely affect the ability of investors to sell the Certificates or may affect the price at which they can be sold.

Secondary Market for the Certificates

No assurance can be given that a secondary market will develop for the purchase and sale of the Certificates or, if a secondary market exists, that such Certificates can be sold for any particular price. The Underwriter is not obligated to engage in secondary market trading or to repurchase any of the Certificates at the request of the owners thereof.

Prices of the Certificates as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Certificates. Such market value could be substantially different from the original purchase price.

Continuing Disclosure

A failure by the County to comply with the Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE" herein) will not constitute an event of default on the Certificates. Any such failure must be reported in accordance with Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and may adversely affect the transferability and liquidity of the Certificates and their market price.

Suitability of Investment

The interest rate borne by the Certificates is intended to compensate the investor for assuming the risk of investing in the Certificates. Furthermore, the tax-exempt feature of the Certificates is currently more valuable to high tax bracket investors than to investors that are in low tax brackets. As such, the value of the interest compensation to any particular investor will vary with individual tax rates and circumstances. Each prospective investor should carefully examine the Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Certificates are an appropriate investment for such investor.

Future Changes in Laws

Various state and federal laws, regulations and constitutional provisions apply to the County and to the Certificates. The County can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the County, or the taxing authority of the County or the collection of Sales Tax Revenues. For example, many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State may affect the overall financial conditions of the County, the taxable value of property within the County, and the ability of the County to levy property taxes or collect Sales Tax Revenues or other revenues for its ongoing operations.

Factors Relating to Tax Exemption

As discussed under “TAX EXEMPTION” herein, interest on the Certificates could become includible in gross income for purposes of federal income taxation, retroactive to the date the Certificates were issued, as a result of future acts or omissions of the County in violation of its covenants in the Certificate Ordinance. Should such an event of taxability occur, the Certificates are not subject to any special redemption.

There are or may be pending in the Congress of the United States legislative proposals relating to the federal tax treatment of interest on the Certificates, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Certificates issued prior to enactment. Finally, reduction or elimination of the tax-exempt status of obligations such as the Certificates could have an adverse effect on the County’s ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the County.

The tax-exempt bond office of the Internal Revenue Service (the “Service”) is conducting audits of tax-exempt bonds, both compliance checks and full audits, with increasing frequency to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether the Service will commence any such audit. If an audit is commenced, under current procedures the Service may treat the County as a taxpayer and the Certificateholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax-exempt obligations of the County could adversely affect the market value and liquidity of the Certificates, regardless of the ultimate outcome.

Bankruptcy

The rights and remedies of the Certificateholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors’ rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Certificates will be similarly qualified.

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered certificates registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued for each maturity of the Certificates, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC is rated “AA+” by S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the “Commission”). More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the County or Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the County or the Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Certificate certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Certificate certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the County takes no responsibility for the accuracy thereof.

The County will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Certificates; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Certificates; or (v) any other action taken by the Securities Depository or any Participant.

THE COUNTY

General Information

The County, established in 1839, is located approximately 100 miles west of the City of Chicago in north central Illinois. The County is bordered on the east by DeKalb and LaSalle Counties, on the south by Bureau County, on the north by Ogle County and on the west by Whiteside County. The County's largest city is Dixon, Illinois (the "City"), which also serves as the county seat. The County is organized into 22 townships and is home to 13 municipalities, 11 of which lie wholly within the County. The County encompasses 729 square miles, which includes 725 square miles of land and 4 square miles of water.

The County provides a broad range of services including a court system, police protection, jail operation and maintenance, building inspection and planning services.

Government

The County operates under the township form of government. There are 22 townships which lie in four County Board districts. The governing body for the County is the County Board, comprised of 24 members, with 6 members elected from each district, and a County Board Chairman, who is elected at large. The Chairman of the County Board is James Wentling, who was elected to a two-year term in 2017. The Chairman appoints all standing and special committees, and shall have the power to change committee appointments. The Chairman also presides at all the meetings of the Board, preserves order and decorum and decides on questions of order. Also overseeing offices of County government are the following elected county officials: Circuit Clerk, Coroner, County Clerk and Recorder, Regional Superintendent of Schools, State's Attorney and Treasurer. The County Treasurer is responsible for the receipt and custody of County funds, and, as County Collector, is responsible for the collection of real property taxes.

Other Local Government Units

There are numerous governmental units located within the boundaries of the County, each of which (a) is separately incorporated and derives its power and authority under the laws of the State, (b) has an independent tax levy or revenue source, (c) maintains its own financial records and accounts and (d) is authorized to issue debt obligations. Although the taxing units share tax bases to some extent, they are separate entities with separate financial circumstances.

Employee Relations

The County had approximately 146 full-time and 65 part-time employees, including the County Health Department. 72 of the County's employees are represented by four separate collective bargaining units, as shown below.

<u>Union</u>	<u>Employees in Union</u>	<u>Contract Expiration</u>
Illinois FOP Labor Council (Probation Officers)	5	11/30/2018
Illinois FOP Labor Council	39	11/30/2017
International Union of Operating Engineers Local 150, Public Employees Division	9	11/30/2019
International Brotherhood of Teamsters, Local 722	19	11/30/2018

The County considers its general labor relations to be steady and non-contentious. There have been no strikes or work stoppages in recent years.

Employment

The County is located in the heart of north central Illinois. Rockford and the “Quad Cities” of Rock Island, Moline, East Moline and Silvis, Illinois and Davenport and Bettendorf, Iowa lie just to the northeast and southwest of the County, respectively. Many industries and companies for which transportation is essential have chosen the County and the City due to its strategic location.

The County boasts a well-trained work force and stable local industry. The top employers are diverse and include a mix of private, government, retail and service entities. The biggest employment sectors in the County are manufacturing, healthcare and government. The County and the City are a regional employment hub and part of two fast growing distribution and warehousing and food processing districts: I-88 West and the I-39 Logistics Corridor. The County has a number of manufacturing industries employing thousands of the region's residents. The largest are Raynor Garage Doors, Donaldson Inc., Borg Warner and Spectrum Brands. Fifteen miles away in Ashton, Crest Foods employees over 600. On the government side, the Dixon Correctional Center employs over 600 workers, as does the Department of Transportation.

The County is considered a regional center for healthcare. The County has KSB Hospital which is a medical student teaching facility, four adult clinics, a children's clinic, two dialysis centers, two urgent care clinics and is home to Sennissippi Mental Health Center and the Northern Illinois Cancer Center. There is also a hospital, an infirmary and a clinic for the mentally ill at the Dixon Correctional Center. The Mabley State Mental Health complex is also located in the City. Healthcare employs over 1,700, KSB Hospital has nearly 1,000 employees.

Transportation

The County is in the center of a strong transportation network. Interstates 52 and 30 and U.S. Highway 26 are the major roads serving the County, supplemented by many Federal and State highways. The main East-West line of the Union Pacific Railroad passes through the City, Franklin Grove and Ashton. In the County's logistics corridor, there are six other major rail lines including BNSF. The Union Pacific Intermodal "Global III" is 23 miles from the Illinois Route 26 and Interstate 88 interchange at Dixon.

Chicago O'Hare and Midway Airports are less than two hours away and Illinois Quad City Airport is just over an hour away, offering additional passenger and freight options. Barge, river and water transport options are available nearby on both the Illinois and Mississippi Rivers.

Quality of Life

The County offers many recreational areas and campgrounds; four family-friendly campgrounds and one private ownership campground provide over 7,000 campsites located within the County. Chicagoland residents take advantage of the County's recreational opportunities, particularly during summer weekends, adding approximately 20,000 people to the area's population and boosting its economy.

The Dixon Park District owns more than 1,100 acres of land including two historic parks platted in 1842. The parks range from Lowell Park's 200 acres which is listed on the National Register of Historic Places; rural Meadows Park which encompasses 567 acres of recreational opportunities with natural areas and farm land; to neighborhood parks located throughout the City. The County is also home to the Amboy March Wildlife Sanctuary, Green River State Wildlife Area and the Franklin Creak State Natural Area. The Nachusa Grasslands consists of hundreds of acres of restored prairie where bison roam.

Demographic Data

Population Data

The U.S. Census Bureau, in the 2011-2015 American Community Survey, estimates the County’s current population to be 34,251. The following is historical population information for the County and the State:

<u>Name of Entity</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>Population Change 2000/2010</u>
The County	34,392	36,062	36,031	(31)
The State	11,430,602	12,419,293	12,830,632	411,339

Source: U.S. Census Bureau

New Property

The following chart indicates the equalized assessed valuation (“EAV”) of “new property” (as defined in the Limitation Law (as hereinafter defined)) within the County for each of the last five levy years.

<u>Levy Year</u>	<u>New Property</u>
2012	\$14,423,295
2013	10,621,354
2014	6,851,721
2015	13,732,866
2016	13,214,291

Source: Lee County Clerk’s Office

Specified Owner-Occupied Units

<u>Value</u>	<u>The County</u>	<u>The State</u>
Under \$50,000	9.6%	7.6%
\$50,000 to \$99,999	33.1	16.3
\$100,000 to \$149,999	22.8	16.8
\$150,000 to \$199,999	16.1	16.6
\$200,000 to \$299,999	11.8	20.4
\$300,000 to \$499,999	5.5	14.9
\$500,000 to \$999,999	0.6	5.9
\$1,000,000 or more	<u>0.5</u>	<u>1.5</u>
Total	100.0%	100.0%
Median Home Value	\$113,600	\$173,800

Source: 2011-2015 American Community Survey, U.S. Census Bureau

Median Household Income

<u>Household Income</u>	<u>The County</u>	<u>The State</u>
Less than \$10,000	5.8%	7.2%
\$10,000 to \$14,999	5.1	4.5
\$15,000 to \$24,999	11.5	10.0
\$25,000 to \$34,999	11.5	9.4
\$35,000 to \$49,999	13.5	12.7
\$50,000 to \$74,999	21.8	17.8
\$75,000 to \$99,999	13.4	12.7
\$100,000 to \$149,999	11.1	14.1
\$150,000 to \$199,999	3.8	5.7
\$200,000 or more	<u>2.3</u>	<u>5.8</u>
Totals	100.0%	100.0%
 Median Household Income	 \$52,379	 \$57,574

Note: May not sum due to rounding

Source: 2011-2015 American Community Survey, U.S. Census Bureau

Employment Data

Average Unemployment Rates

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017⁽¹⁾</u>
The County	8.3%	8.1%	6.2%	5.3%	5.1%	4.5%
The State	9.0	9.1	7.1	5.9	5.9	4.9

(1) Preliminary rate for month of July 2017

Source: Illinois Department of Employment Security

Occupation by Category

The following table categorizes occupations for residents 16 years of age and older living in the County and the State.

<u>Occupational Category</u>	<u>The County</u>	<u>The State</u>
Management, business, science and arts	29.2%	36.8%
Service	20.2	17.4
Sales and office	22.4	24.5
Natural resources, construction and maintenance	8.4	7.3
Production, transportation, and material moving	<u>19.7</u>	<u>13.9</u>
Totals	100.0%	100.0%

Note: May not sum due to rounding

Source: 2011-2015 American Community Survey, U.S. Census Bureau

Employment by Industry

The following table categorizes employment by industry for residents 16 years of age and older living in the County and the State.

<u>Industry Category</u>	<u>The County</u>	<u>The State</u>
Agriculture, forestry, fishing and hunting, and mining	2.7%	1.1%
Construction	5.1	5.1
Manufacturing.....	18.1	12.6
Wholesale trade	2.9	3.0
Retail trade	11.1	11.0
Transportation and warehousing, and utilities	6.0	5.9
Information	1.2	2.0
Finance and insurance, and real estate and rental and leasing	5.0	7.3
Professional, scientific, and management, and administrative and waste management services.....	6.0	11.4
Educational services and health care and social assistance.....	25.2	23.0
Arts, entertainment, recreation, and accommodation and food services	8.9	9.1
Other services, except public administration	3.4	4.7
Public administration	<u>4.4</u>	<u>3.8</u>
Totals	100.0%	100.0%

Source: 2011-2015 American Community Survey, U.S. Census Bureau

Largest Employers

Below is a listing of the largest employers within or near the County.

<u>Employer</u>	<u>Nature of Business</u>	<u>Location</u>	<u>Approximate Number of Employees</u>
KSB Hospital	General hospital	Dixon	1,000
Raynor Garage Doors	Headquarters; overhead and garage doors	Dixon	800
Mabley State Mental Health Center	Developmental center	Dixon	625
Crest Foods Co., Inc.	Dry, condensed, evaporated products	Ashton	500
Allied-Locke Industries, Inc.	Headquarters; Roller chains	Dixon	330
Dixon Direct Corp., LLC	Commercial lithographic printing	Dixon	250
Kreider Services, Inc.	Contract assembly and packaging	Dixon	230
Sauk Valley Community College	Education	Dixon	250
BorgWarner Automotive, Inc.	Motor vehicle parts and accessories	Dixon	230
Dixon Correctional Center	Prison detention facility	Dixon	200
Spectrum Brands, Inc.	Packaging of batteries and lighting devices	Dixon	200
Donaldson Co., Inc.	Filtration systems	Dixon	200
Plews, Inc.	Automotive accessories	Dixon	162
Do It Best Corp.	Wholesale hardware distribution	Dixon	150
Sinnissippi Centers	Social services, counseling	Dixon	140

Source: 2017 Illinois Manufacturers Directory and 2017 Illinois Services Directory and the County

FINANCIAL INFORMATION

Summary of Outstanding Debt

(After Issuance of the Certificates)

<u>Dated</u> <u>Date</u>	<u>Type of Debt</u>	<u>Original</u> <u>Amount</u>	<u>Final</u> <u>Maturity</u>	<u>Principal</u> <u>Outstanding</u>
10/___/2017*	Debt Certificates, Series 2017	\$9,350,000*	10/01/2037	\$9,350,000*

Bonded Debt Repayment Schedule

(Principal Only)

(After Issuance of the Certificates)

<u>Year</u>	<u>The</u> <u>Certificates*</u>	<u>Cumulative</u> <u>Amount*</u>	<u>Percent</u> <u>Retired*</u>
2018	\$320,000	\$320,000	3.42%
2019	325,000	645,000	6.90%
2020	340,000	985,000	10.53%
2021	355,000	1,340,000	14.33%
2022	365,000	1,705,000	18.24%
2023	380,000	2,085,000	22.30%
2024	395,000	2,480,000	26.52%
2025	415,000	2,895,000	30.96%
2026	430,000	3,325,000	35.56%
2027	445,000	3,770,000	40.32%
2028	465,000	4,235,000	45.29%
2029	485,000	4,720,000	50.48%
2030	505,000	5,225,000	55.88%
2031	520,000	5,745,000	61.44%
2032	545,000	6,290,000	67.27%
2033	565,000	6,855,000	73.32%
2034	590,000	7,445,000	79.63%
2035	610,000	8,055,000	86.15%
2036	635,000	8,690,000	92.94%
2037	<u>660,000</u>	9,350,000	100.00%
	\$9,350,000		

*Preliminary, subject to change

**Statement of Net Direct
Bonded Debt and Overlapping Bonded Debt**
(After Issuance of the Certificates)

	Outstanding <u>Debt</u>	Estimate	
		<u>Applicable to County</u> Percent	<u>Amount</u>
<i>Net Direct Bonded Debt:</i>			
The County	\$9,350,000 *	100.00%	\$9,350,000 *
<i>Overlapping Bonded Debt (as of 7/17/2017):</i>			
City of Rochelle ⁽¹⁾	\$550,000	0.01%	\$55
Dixon Park District	213,652	100.00%	213,652
Walnut Park District	212,000	23.39%	49,587
Community Unit School District 5 ⁽¹⁾	5,150,000	5.57%	286,855
School Directors of School District 8	14,000	100.00%	14,000
Community Unit School District 9	3,845,000	1.11%	42,680
Consolidated Elementary School District 20	899,000	46.54%	418,395
Community Consolidated School District 145	1,400,000	4.88%	68,320
Community Consolidated School District 161	558,430	0.36%	2,010
School District 170	27,460,000	91.12%	25,024,298
School District 220	165,000	99.54%	164,241
Community Unit School District 222	851,257	1.60%	13,620
Community Consolidated School District 231	8,835,000	.99%	87,467
Community Unit School District 271	4,145,073	97.41%	4,037,716
Community Unit School District 272	2,086,918	100.00%	2,086,918
Community Unit School District 275	1,735,000	90.54%	1,570,869
Community Consolidated School District 289	7,565,000	21.78%	1,647,657
Community Unit School District 303	860,000	2.22%	19,092
Community Unit School District 340	1,505,000	6.40%	96,320
Community Unit School District 425	3,685,000	10.42%	383,977
Township High School District 212	12,335,000	7.58%	934,993
Township High School District 280 ⁽¹⁾	3,925,000	21.61%	848,193
Township High School District 301	4,515,000	17.31%	781,547
Community College District 506	2,955,000	36.50%	1,078,575
Community College District 523 ⁽¹⁾	47,261,583	4.24%	<u>2,003,891</u>
OVERLAPPING BONDED DEBT			\$41,874,928
NET DIRECT BONDED DEBT AND OVERLAPPING BONDED DEBT			\$51,224,928 *
2016 Estimated Full Valuation			\$2,204,451,366
2016 EAV			\$734,817,122
Population – Current Estimate			34,251
Full Valuation Per Capita			\$64,362

(1) Excludes outstanding principal amounts of general obligation “alternate revenue source” bonds that are anticipated to be paid from sources other than general taxation and self-supporting debt.

Debt Ratios*

		Percent of EAV	Percent of Full Value	Per Capita
Net Direct Bonded Debt	\$9,350,000	1.27%	0.42%	\$273
Net Direct Bonded Debt and Overlapping Bonded Debt	\$51,224,928	6.97%	2.32%	\$1,496

*Preliminary, subject to change

Legal Debt Limitation
(After Issuance of the Certificates)

The County's statutory debt limit is 2.875% of the EAV of all taxable property located within the boundaries of the County. Items included in the computation determining debt margin include the principal of general obligation bonds outstanding and any other long-term indebtedness, which represents a claim against the County's tax receipts.

2016 EAV	\$734,817,122
Statutory Debt Limitation (2.875% of EAV)	\$21,125,992
Debt Subject to Limit:	
Debt Certificates	\$9,350,000*
Net Debt Outstanding	\$9,350,000*
Legal Debt Margin Remaining	\$11,775,992* or 55.74%*

Composition of EAV⁽¹⁾
(33-1/3% of Full Valuation)

<u>Property Class</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Farm	\$180,405,762	\$176,772,415	\$186,006,844	\$192,538,174	\$200,433,852
Residential	342,917,509	335,750,934	333,516,030	332,186,694	334,525,230
Industrial	74,027,250	74,814,398	75,277,241	76,467,536	76,610,789
Commercial	51,692,127	50,874,072	56,445,634	65,128,184	72,642,267
Mineral	37,695,076	43,121,993	41,797,835	40,030,246	38,332,338
Railroad	<u>7,984,240</u>	<u>9,703,903</u>	<u>10,084,016</u>	<u>11,923,553</u>	<u>12,272,646</u>
	\$694,721,964	\$691,037,715	\$703,127,600	\$718,274,387	\$734,817,122
Percent Change	1.43% ⁽²⁾	(.53%)	1.75%	2.15%	2.30%

(1) Does not include TIF EAV

(2) Percentage change based on 2011 EAV of \$684,893,744

Source: Lee County Clerk's Office

County Tax Rates By Purpose
(Per \$100 EAV)

<u>Purpose</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Maximum Rate</u>
Corporate	\$.3102	\$.3360	\$.3543	\$.3709	\$.3960	N/A
IMRF	.0864	.0868	.0853	.1009	.1014	N/A
Highway	.0922	.0927	.0911	.0892	.0868	.2000
Bridge	.0348	.0349	.0343	.0336	.0321	.2500
Tuberculosis Sanatorium	.0036	.0036	.0036	.0035	.0017	.0750
Federal and Highway Matching	.0438	.0441	.0433	.0424	.0404	.0500
County Health Department	.0800	.0805	.0791	.0774	.0739	.1000
Liability Insurance	.0403	.0492	.0508	.0497	.0475	N/A
Social Security	.0907	.0868	.0853	.0661	.0631	N/A
Extension Education	.0197	.0198	.0195	.0191	.0182	.0500
Veterans Assistance	.0108	.0109	.0107	.0104	.0050	.0400
Senior Citizens Social Services	<u>.0148</u>	<u>.0148</u>	<u>.0146</u>	<u>.0143</u>	<u>.0136</u>	.0146
	\$.8273	\$.8601	\$.8719	\$.8775	\$.8797	

Source: Lee County Clerk's Office

*Preliminary, subject to change

Representative Tax Rates
(Per \$100 EAV)

Shown below is a summary of the representative tax rates for a property owner situated within the boundaries of the City. The tax rate shown is for Dixon Township Tax Code 7001, which comprises approximately 11% of the EAV for the County.

<u>Taxing Authority</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
School District 170	\$4.4820	\$4.5635	\$4.4886	\$4.6003	\$4.9610
Community College District 506	.4418	.4290	.4273	.4226	.4246
The County	.8273	.8601	.8719	.8775	.8797
Dixon Township	.1812	.1948	.1959	.1981	.1999
Dixon Township Road & Bridge	.2175	.2338	.2351	.2377	.2399
The City	1.7758	1.8696	1.8674	1.8908	1.9164
Dixon Fire	.5134	.5456	.5475	.5565	.5653
Dixon Park District	<u>.4767</u>	<u>.4926</u>	<u>.4769</u>	<u>.4852</u>	<u>.4804</u>
	\$8.9157	\$9.1890	\$9.1106	\$9.2687	\$9.6672

Source: Lee County Clerk's Office

Tax Increment Financing Districts Located Within the County

A portion of the County's EAV is contained in tax increment financing districts ("TIF District"), as detailed below. When a TIF District is created within the boundaries of a taxing body, such as the County, the EAV of the portion of real property designated as a TIF District is frozen at the level of the tax year in which it was designated (the "Base EAV"). Any incremental increases in property tax revenue produced by the increase in EAV derived from the redevelopment project area during the life of the TIF District are not provided to the County until the TIF District expires. The County is not aware of any new TIF Districts planned in the immediate future.

<u>Location</u>	<u>Year Established</u>	<u>Base EAV</u>	<u>Revised Base EAV</u>	<u>2016 EAV</u>	<u>Incremental EAV</u>
Dixon Central Business	1987	\$3,406,940	\$2,464,924	\$3,933,771	\$1,468,847
Village of Paw Paw	1999	3,818,260	2,508,657	4,599,704	2,091,047
Dixon Waterfront	2004	<u>4,272,387</u>	<u>4,006,690</u>	<u>6,141,317</u>	<u>2,134,627</u>
		\$11,497,587	\$8,980,271	\$14,674,792	\$5,694,521

Source: Lee County Clerk's Office

Tax Extensions and Collections

<u>Levy Year</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net Extensions	\$5,474,330	\$5,758,674	\$5,950,058	\$6,136,982	\$6,302,597	\$6,464,186
Net Collections	5,468,390	5,757,253	5,946,373	6,132,127	6,295,334	(In process of collection)
Percent Collected	99.89%	99.98%	99.94%	99.92%	99.88%	

Source: Lee County Treasurer's Office

Ten Largest Taxpayers

The following are the principal industries and commercial entities that comprise the largest taxpayers in the Village:

<u>Taxpayer</u>	<u>Approximate 2016 EAV⁽¹⁾</u>
Invenergy Nelson LLC	\$14,147,619
Duke Energy Lee II LLC	10,588,435
Amcore Investment Group, NA	8,514,620
Crest Foods Co. Inc.	5,435,722
GPT Corporate Drive - Dixon Owner LLC	4,888,729
Walmart Stores, Inc.	3,207,642
St. Barbara Cement Inc.	3,146,610
Stanley Black & Decker Inc.	2,686,731
Commonwealth Edison	2,657,164
Raynor Manufacturing Company	<u>2,047,465</u>
	\$57,320,737
Percent of Total 2016 EAV (\$734,817,122)7.80%	

(1) Reasonable efforts have been made to seek out and report the largest taxpayers. However, many of the taxpayers listed may own multiple parcels in the County, and it is possible that some parcels and their valuations may not be included.

Source: Lee County Clerk's Office

Retailers' Occupation, Service Occupation and Use Tax

The following table shows the distribution of the County's portion of the Retailers' Occupation, Service Occupation and Use Tax collected by the DOR from retailers within the County. The table indicates the level of retail activity in the County.

<u>Calendar Year</u>	<u>Total Distribution</u>
2012	\$614,077
2013	476,944
2014	519,823
2015	542,385
2016	497,753

Source: Illinois Department of Revenue

Combined Statement of Revenues, Expenditures and Changes in Fund Balance
(Fiscal Years Ended November 30, 2012-2016)

	General Fund	IL Municipal Retirement Fund	Rural Transportation Fund	Other Governmental Funds	Total Governmental Funds
Beginning Balance	\$7,340,519	\$565,591	\$497,889	\$7,092,023	\$15,496,022
Revenues	9,350,867	653,927	1,762,978	6,111,323	17,879,095
Expenditures	(8,120,270)	(653,373)	(1,866,439)	(6,445,891)	(17,085,973)
Other Financing					
Sources/Uses	<u>70,401</u>	<u>---</u>	<u>---</u>	<u>12,839</u>	<u>83,240</u>
Ending Balance 2012	\$8,641,517	\$566,145	\$394,428	\$6,770,294	\$16,372,384
Beginning Balance	\$8,641,517	\$566,145	\$394,428	\$6,770,294	\$16,372,384
Revenues	9,432,070	656,157	2,176,120	6,708,121	18,972,468
Expenditures	(8,509,606)	(727,440)	(2,231,746)	(6,008,194)	(17,476,986)
Other Financing					
Sources/Uses	<u>57,228</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>57,228</u>
Ending Balance 2013	\$9,621,209	\$494,862	\$338,802	\$7,470,221	\$17,925,094
Beginning Balance	\$9,621,209	\$494,862	\$338,802	\$7,470,221	\$17,925,094
Revenues	9,651,675	655,204	1,551,361	7,130,567	18,988,807
Expenditures	(8,913,620)	(817,350)	(1,274,696)	(6,388,757)	(17,394,423)
Other Financing					
Sources/Uses	21,090	---	---	(2,000)	19,090
Prior Period Adjustment	<u>---</u>	<u>---</u>	<u>(391,899)</u>	<u>---</u>	<u>(391,899)</u>
Ending Balance 2014	\$10,380,354	\$332,716	\$223,568	\$8,210,031	\$19,146,669
Beginning Balance	\$10,380,354	\$332,716	\$223,568	\$8,210,031	\$19,146,669
Revenues	9,500,748	655,010	1,857,108	6,867,671	18,880,537
Expenditures	(9,363,424)	(781,159)	(1,705,732)	(8,307,657)	(20,157,972)
Other Financing					
Sources/Uses	<u>(164,882)</u>	<u>---</u>	<u>(19,661)</u>	<u>380,531</u>	<u>195,988</u>
Ending Balance 2015	\$10,352,796	\$206,567	\$355,283	\$7,150,576	\$18,065,222
Beginning Balance	\$10,352,796	\$206,567	\$355,283	\$7,150,576	\$18,065,222
Revenues	9,472,107	778,954	2,182,456	6,496,208	18,929,725
Expenditures	(9,351,745)	(821,998)	(1,986,581)	(5,772,419)	(17,932,744)
Other Financing					
Sources/Uses	<u>55,183</u>	<u>---</u>	<u>(16,175)</u>	<u>28,447</u>	<u>67,455</u>
Ending Balance 2016	\$10,528,341	\$163,523	\$534,983	\$7,902,812	\$19,129,659

Sources: The County's Audited Financial Statements for fiscal years ended November 30, 2012 - November 30, 2016

Budget Summary

(Fiscal Year Ending November 30, 2017)

	General Fund	IL Municipal Retirement Fund	Rural Transportation Fund	Other Governmental Funds	Total Governmental Funds
Beginning Balance	\$10,528,341	\$163,523	\$534,983	\$7,902,812	\$19,129,659
Revenues	9,578,721	766,500	2,300,000	6,100,000	18,745,221
Expenditures	(9,403,264)	(838,438)	(2,080,375)	(5,700,000)	(18,022,077)
Other Financing					
Sources/Uses	<u>67,455</u>	<u>0</u>	<u>(16,175)</u>	<u>28,447</u>	<u>79,727</u>
Ending Balance 2017	\$10,771,253	\$91,585	\$738,433	\$8,331,259	\$19,932,530

Source: The County

SHORT-TERM BORROWING

The County has not issued tax anticipation warrants or revenue anticipation notes during the last five years to meet its short-term current year cash flow requirements.

FUTURE DEBT

Except for the Certificates, the County does not currently anticipate issuing any debt in calendar year 2017. In calendar year 2018, the County plans to issue bonds in an amount up to \$5 million.

DEFAULT RECORD

The County has no record of default and has met its debt repayment obligations promptly.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Summary of Property Assessment, Tax Levy and Collection Procedures

The information under this caption describes the current procedures for real property assessments, tax levies and collections in the County. There can be no assurance that the procedures described herein will not change.

Tax Levy and Collection Procedures

Local Assessment Officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Department assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local Assessment Officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula, which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax.

Exemptions

The Illinois Property Tax Code, as amended (the "Property Tax Code"), exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions, which are discussed below.

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes ("Residential Property") may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$6,000 for tax year 2012 and thereafter.

The Homestead Improvement Exemption applies to Residential Properties that have been improved or rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to \$75,000 to the extent the assessed value is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. Beginning with tax year 2013, the maximum exemption is \$5,000.

The Senior Citizens Assessment Freeze Homestead Exemption (“Senior Citizens Assessment Freeze Homestead Exemption”) freezes property tax assessments for homeowners, who are 65 and older and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$55,000 for assessment year 2008 and after. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen’s residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year.

Beginning January 1, 2015 purchasers of certain single family homes and residences of one to six units located in certain distress communities can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least \$5 per square foot, adjusted by CPI. Upon meeting the requirements, the assessed value of the improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year and (c) 35% in the ninth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the “Natural Disaster Exemption”) applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Three exemptions are available to veterans of the United States armed forces. The Disabled Veterans’ Exemption exempts up to \$100,000 of the Assessed Valuation of property owned and used exclusively by veterans, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran’s disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs.

The Disabled Veterans’ Standard Homestead Exemption provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the veteran has a (a) service-connected disability of 30% or more but less than 50%, the annual exemption is \$2,500, (b) service-connected disability of 50% or more but less than 70%, the annual exemption is \$5,000, and (c) service-connected disability of 70% or more, the property is exempt from taxation.

The Returning Veterans’ Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, or the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time homestead exemption of \$5,000.

Finally, the Disabled Persons’ Homestead Exemption provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain disabled persons who meet State-mandated guidelines.

Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law, as amended (the “Limitation Law”), limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home-rule units, including the County. In general, the annual growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations.

The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes unlimited as to rate and amount cannot be issued by the affected taxing bodies unless they are approved by referendum, are alternate bonds or are for certain refunding purposes.

The County has the authority to levy taxes for many different purposes. See “County Tax Rates By Purpose” above. The ceiling at any particular time on the rate at which these taxes may be extended for the County is either (a) unlimited (as provided by statute), (b) initially set by statute but permitted to be increased by referendum, (c) capped by statute, or (d) limited to the rate approved by referendum. The only ceiling on a particular tax rate is the ceiling set by statute, at which the rate is not permitted to be further increased by referendum or otherwise. Therefore, taxing districts (such as the County) have flexibility to levy taxes for the purposes for which they most need the money. The total aggregate tax rate for the various purposes subject to the Limitation Law, however, will not be allowed to exceed the County’s limiting rate computed in accordance with the provisions of the Limitation Law.

Local governments, including the County, can issue limited bonds in lieu of general obligation bonds that have otherwise been authorized by applicable law.

Illinois legislators have introduced several proposals to modify the Limitation Law, including freezing property taxes and extending tax caps to all taxing bodies in the State (the “Property Tax Freeze Proposal”). If the Property Tax Freeze Proposal or similar legislation were to become law, such reform may have a material impact on the finances of the County and the ability of the County to issue limited tax bonds. The County cannot predict whether, or in what form, any change to the Limitation Law, including the Property Tax Freeze Proposal, may be enacted into law, nor can the County predict the effect of any such change on the County’s finances.

Truth in Taxation Law

Legislation known as the Truth in Taxation Law (the “Law”) limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

CERTIFICATE RATING

Moody’s has assigned the Certificates a rating of “Aa2”. The rating reflects only the view of such organization and any explanation of the significance of such rating may only be obtained from the rating agency. Certain information concerning the Certificates and the County not included in this Official Statement was furnished to Moody’s by the County. There is no assurance that the rating will be maintained for any given period of time or that it may not be changed by Moody’s if, in such rating agency’s judgment, circumstances so warrant. Any downward change in or withdrawal of the ratings may have an adverse effect on the market price of the Certificates.

Except as may be required by the Undertaking described below under the heading “CONTINUING DISCLOSURE,” neither the County nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Certificates any proposed change in or withdrawal of the rating or to oppose any such revision or withdrawal.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Certificates, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The County has covenanted to comply with all requirements that must be satisfied in order for the interest on the Certificates to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Certificates to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Certificates.

Subject to the County's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Certificates is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Certificates is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the County with respect to certain material facts within the County's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax-exempt interest, including interest on the Certificates.

Ownership of the Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Certificates should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the "OID Issue Price") for each maturity of the Certificates is the price at which a substantial amount of such maturity of the Certificates is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Certificates may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the OID Issue Price of a maturity of the Certificates is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the Certificates (the "OID Certificates") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Certificate in the initial public offering at the OID Issue Price for such maturity and who holds such OID Certificate to its stated maturity, subject to the condition that the County complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Certificate constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Certificate at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the

Illinois Department of Revenue under State income tax law, accreted original issue discount on such OID Certificates is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Certificates should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Certificates.

Owners of Certificates who dispose of Certificates prior to the stated maturity (whether by sale, redemption or otherwise), purchase Certificates in the initial public offering, but at a price different from the Issue Price or purchase Certificates subsequent to the initial public offering should consult their own tax advisors.

If a Certificate is purchased at any time for a price that is less than the Certificate's stated redemption price at maturity or, in the case of an OID Certificate, its OID Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a Certificate with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Certificate is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Certificate for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Certificate. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Certificates.

An investor may purchase a Certificate at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Certificate in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Certificate. Investors who purchase a Certificate at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Certificate's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Certificate.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Certificates. If an audit is commenced, under current procedures the Service may treat the County as a taxpayer and the Certificateholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Certificates until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Certificates, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Certificate owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Certificate owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Certificates is not exempt from present State income taxes. Ownership of the Certificates may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Certificates. Prospective purchasers of the Certificates should consult their tax advisors regarding the applicability of any such state and local taxes.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Subject to the County's compliance with certain covenants, in the opinion of Bond Counsel, the Certificates are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

RETIREMENT PLANS

The County participates in two retirement plans administered by the Illinois Municipal Retirement Fund (the "IMRF"). Specifically, the County participates in an IMRF-administered plan for its regular employees (the "Regular Plan") and its Sheriff's Law Enforcement Personnel (the "SLEP Plan" and together with the Regular Plan, the "Pension Plans") for sheriffs, deputy sheriffs and selected police chiefs. Certain of the provisions of these plans are described below. The Regular Plan is comingled with the County and the Lee County Emergency Telephone System Board. See Note 6 to the Audit, as attached as Appendix C hereto, for additional information on the pension plans, including plan descriptions, information on employer contributions and employee contributions, the funded status and funding progress of the pension plans, and information on the assumptions made and the methods employed by such pension plans' actuaries.

Background Regarding Pension Plans

The Actuarial Valuation

The disclosures in the Audit related to the Pension Plans are based in part on the actuarial valuations of the Pension Plans. In the actuarial valuations, the actuary for each of the Pension Plans measures the financial position of the Pension Plan, determines the amount to be contributed to a Pension Plan pursuant to statutory requirements, and produces information mandated by the financial reporting standards issued by the Governmental Accounting Standards Board ("GASB"), as described below.

In producing an actuarial valuation, the actuary for a Pension Plan uses demographic data (including employee age, salary and service credits), economic assumptions (including estimated future salary and interest rates), and decrement assumptions (including employee turnover, mortality and retirement rates) and employs various actuarial methods to generate the information required to be included in such valuation.

GASB Standards

Prior to the fiscal year ended November 30, 2015, the applicable GASB financial reporting standards with respect to the Pension Plans were GASB Statement No. 25 and GASB Statement No. 27 (together, the "Prior GASB Standards"). The Prior GASB Standards required the disclosure of an Annually Required Contribution (which was such pronouncement's method for calculating the annual amounts needed to fully fund a pension plan) and the calculation of pension funding statistics such as the unfunded actuarial accrued liability ("UAAL"), which was the shortfall of the assets held by the pension plan when compared against the liabilities of such pension plan, as actuarially determined (the "Actuarial Accrued Liability"), and the "Funded Ratio," which was the ratio, expressed as a percentage, derived from dividing the assets of the pension plan by the Actuarial Accrued Liability. In addition, the Prior GASB Standards allowed pension plans to prepare financial reports pursuant to various approved actuarial methods and to use an assumed investment rate of return determined by the pension plan for financial reporting purposes.

Beginning with the fiscal year ended November 30, 2015, the applicable GASB financial reporting standards with respect to the Pension Plans became GASB Statement No. 67 and GASB Statement No. 68 (together, the "New GASB Standards"). Unlike the Prior GASB Standards, the New GASB Standards do not establish approaches to funding pension plans, and, therefore, do not require computation of the Annually Required Contribution or a similar contribution number. Instead, the New GASB Standards provide standards solely for financial reporting and accounting related to pension plans.

The New GASB Standards require calculation and disclosure of a “Net Pension Liability” or “Net Pension Asset”, which is the difference between the actuarial present value of projected benefit payments that is attributed to past periods of employee service calculated pursuant to the methods and assumptions set forth in the New GASB Standards (referred to in such statements as the “Total Pension Liability”) and the fair market value of the pension plan’s assets (referred to as the “Fiduciary Net Position”). This concept is similar to the UAAL, which was calculated under the Prior GASB Standards, but most likely will differ from the UAAL on any calculation date because the Fiduciary Net Position is calculated at fair market value and because of the differences in the manner of calculating the Total Pension Liability as compared to the Actuarial Accrued Liability under the Prior GASB Standards.

Furthermore, the New GASB Standards employ a rate, referred to in such statements as the “Discount Rate,” which is used to discount projected benefit payments to their actuarial present values. The Discount Rate is a blended rate comprised of (1) a long-term expected rate of return on a pension plan’s investments (to the extent that such assets are projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate meeting certain specifications set forth in the New GASB Standards. Therefore, in certain cases in which the assets of a pension plan are not expected to be sufficient to pay the projected benefits of such pension plan, the Discount Rate calculated pursuant to the New GASB Standards may differ from the assumed investment rate of return used in reporting pursuant to the Prior GASB Standards.

Finally, the New GASB Standards require that the Net Pension Liability be disclosed in the notes to the financial statements of the pension system and that a proportionate share of the Net Pension Liability be recognized on the balance sheet of the employer. In addition, the New GASB Standards require an expense to be recognized on the income statement of the County.

Pension Plans Remain Governed by the Pension Code

As described above, each of the Prior GASB Standards and the New GASB Standards establish requirements for financial reporting purposes. However, the Pension Plans are ultimately governed by the provisions of the Pension Code in all respects, including, but not limited to, the amounts to be contributed by the County to the Pension Plans in each year.

The IMRF

As described above, the County contributes to the Pension Plans, all of which are administered by the IMRF. Each of the Pension Plans are defined-benefit, agent multiple employer pension plans that act as common investment and administrative agents for units of local government and school districts in Illinois. The Pension Plans are established and administered under statutes adopted by the Illinois General Assembly. The Pension Code sets the benefit provisions of the IMRF, as well as the employee contribution and employer contribution provisions, all of which can only be amended by the Illinois General Assembly.

Each employer participating in the Pension Plans, including the County, has an employer reserve account with such Pension Plan, separate and distinct from all other participating employers (the “Regular Account” and the “SLEP Account,” for each of the Pension Plans, respectively, and, together, the “Pension Plan Accounts”) along with a unique employer contribution rate determined by the IMRF Board of Trustees (the “IMRF Board”). The employees of a participating employer receive benefits solely from such employer’s Pension Plan Account. Participating employers are not responsible for funding the deficits of other participating employers.

The IMRF issues a publicly available financial report that includes financial statements and required supplementary information which may be viewed at the IMRF’s website, however, the IMRF does not issue separate publicly available reports for the County’s Pension Plans.

See Note 6 to the Audit for additional information on the actuarial methods and assumptions, including information regarding the Discount Rate and the sensitivity of the Net Pension Liability to changes in the Discount Rate, with respect to each of the Pension Plans.

Contributions to the Pension Plans and Pension Plan Expense

Both employers and employees contribute to the IMRF. At present, with respect to the Regular Plan, employees contribute 4.50% of their salary to the IMRF, as established by statute. With respect to the SLEP Plan, employees contribute 7.50% of their salary to the IMRF, as established by statute. Employers are required to make all additional contributions necessary to fund the benefits provided by the IMRF to its employees. The annual rate at which an employer must contribute to the IMRF is established by the IMRF Board. The County's contribution rates for calendar year 2015, expressed as a percentage of covered payroll, were as follows: 9.85% for the Regular Plan and 19.62% for the SLEP Plan. For the fiscal year ended November 30, 2016, the County contributed \$493,399 to the Regular Plan and \$419,753 to the SLEP Plan, which compares to contributions of \$530,595 and \$428,412 in fiscal year 2015, respectively.

The Regular Plan

The following section provides information regarding the funded status of the County's IMRF Regular Plan:

Measures of Financial Position

The following table presents the measures of the Regular Plan's financial position as of December 31, 2014 and December 31, 2015 which are presented pursuant to the New GASB Standards. Such measures were calculated pursuant to the current Discount Rate of 7.49%.

<u>Calendar Year Ended December 31</u>	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension (Asset)/Liability</u>	<u>Fiduciary Net Position as a Percent of Total Pension Liability</u>
2014	\$30,370,821	\$30,402,261	(\$31,440)	100.10%
2015	31,507,067	29,406,539	2,100,528	93.33%

Source: The Audit

See Note 6 to the Audit, and the related required supplementary information disclosures, for a description of the IMRF, the Regular Account, the County's funding policy, information on the assumptions and methods used by the Actuary, and the financial reporting information required by the New GASB Standards.

The SLEP Plan

The following section provides information regarding the funded status of the County's SLEP Plan:

Measures of Financial Position

The following table presents the measures of the SLEP Plan's financial position as of December 31, 2014 and December 31, 2015 which are presented pursuant to the New GASB Standards. Such measures were calculated pursuant to the current Discount Rate of 7.48%.

<u>Calendar Year Ended December 31</u>	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension (Asset)/Liability</u>	<u>Fiduciary Net Position as a Percent of Total Pension Liability</u>
2014	\$15,945,713	\$14,420,125	\$1,525,588	90.43%
2015	16,823,798	14,271,142	2,552,656	84.83%

Source: The Audit

See Note 6 to the Audit, and the related required supplementary information disclosures, for a description of the IMRF, the SLEP Account, the County's funding policy, information on the assumptions and methods used by the Actuary, and the financial reporting information required by the New GASB Standards.

Other Post-Employment Benefits

The County also provides post-retirement healthcare benefits to certain retired County employees, as described in Note 8 to the Audit, through a single-employer defined benefit plan (the “County OPEB Plan”). The benefits, benefit levels, employee contributions and employer contributions for the County OPEB Plan are governed by the County and can be amended by the County through its personnel manual and union contracts.

The annual OPEB cost, the County contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation for the County for the past three fiscal years are shown below:

<u>Fiscal Year Ended November 30</u>	<u>Annual OPEB Cost</u>	<u>County Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$89,110	\$18,287	20.52%	\$1,316,027
2015	257,127	41,065	15.97	1,245,204
2014	265,703	40,052	15.07	1,029,142

Source: The Audit

CONTINUING DISCLOSURE

The County will enter into a Continuing Disclosure Undertaking (the “Undertaking”) for the benefit of the beneficial owners of the Certificates to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the “MSRB”) pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Commission under the Exchange Act. No person, other than the County, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Certificates. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a statement of other terms of the Undertaking, including termination, amendment and remedies, are set forth in Appendix B.

The County has not previously been required to deliver an undertaking pursuant to the Rule. A failure by the County to comply with the Undertaking will not constitute a default under the Certificate Ordinance and beneficial owners of the Certificates are limited to the remedies described in the Undertaking. The County must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Certificates in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Certificates and their market price.

AUDITED FINANCIAL STATEMENTS

The audited financial statements of the County for the fiscal year ended November 30, 2016 (the “Audit”), contained in Appendix C, including the independent auditor’s report accompanying the Audit, have been prepared by Wipfli LLP, Sterling, Illinois (the “Auditor”), and approved by formal action of the Board. The County has not requested the Auditor to update information contained in the Audit nor has the County requested that the Auditor consent to the use of the Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Audit has not been updated since the date of the Audit. The inclusion of the Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the County since the date of the Audit. Specific questions or inquiries relating to the financial information of the County since the date of the Audit should be directed to Melissa Lawrence, Chief Deputy of the County.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Certificates are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois (“Chapman and Cutler”), Bond Counsel, who has been retained by, and acts as, Bond Counsel to the County. Chapman and Cutler has also been retained by the Underwriter to serve as Underwriter’s Counsel with respect to the Certificates. Although Underwriter’s Counsel, Chapman and Cutler, has assisted the Underwriter with certain disclosure matters, Chapman and Cutler has not

undertaken to independently verify the accuracy, completeness or fairness of any of the statements contained in this Official Statement or other offering materials related to the Certificates and does not guarantee the accuracy, completeness or fairness of such information. Chapman and Cutler's engagement as Underwriter's Counsel was undertaken solely at the request and for the benefit of the Underwriter to assist it in discharging its responsibility with respect to this Official Statement, and not for the benefit of any other person (including any person purchasing Certificates from the Underwriter), and did not include any obligation to establish or confirm factual matters, forecasts, projections, estimates or any other financial or economic information in connection therewith. Further, Chapman and Cutler makes no representation as to the suitability of the Certificates for investment by any investor.

NO LITIGATION

No litigation is now pending or threatened restraining the issuance, sale, execution or delivery of the Certificates, or in any way contesting or affecting the validity or enforceability of the Certificates or any proceedings of the County taken with respect to the issuance or sale thereof. A certificate to this effect will be delivered by the County with the other customary closing papers when the Certificates are delivered.

UNDERWRITING

Pursuant to the terms of a Certificate Purchase Agreement (the "Agreement") between the County and Raymond James & Associates, Inc., Chicago, Illinois (the "Underwriter"), the Underwriter has agreed to purchase the Certificates at an aggregate purchase price of \$_____ (reflecting a reoffering premium of \$_____ and an underwriting discount of \$_____) if all Certificates are sold at the initial offering prices. The Agreement provides that the obligation of the Underwriter is subject to certain conditions precedent and that the Underwriter will be obligated to purchase all of the Certificates if any of the Certificates are purchased. The Certificates may be offered and sold to certain dealers (including dealers depositing such Certificates into investment trusts, accounts or funds) and others at prices lower than the initial public offering price. After the initial public offering, the public offering price of the Certificates may be changed from time to time by the Underwriter.

AUTHORIZATION

This Official Statement has been approved by the County for distribution to prospective purchasers of the Certificates. The Board, acting through authorized officers, will provide to the Underwriter at the time of delivery of the Certificates, a certificate confirming that, to the best of its knowledge and belief, the Official Statement with respect to the Certificates, together with any supplements thereto, at the time of the adoption of the Certificate Ordinance, and at the time of delivery of the Certificates, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements therein in light of the circumstances under which they were made, not misleading.

COUNTY OF LEE, ILLINOIS

By: /s/ _____
Chairman, County Board

APPENDIX A

Proposed Form of Opinion of Bond Counsel

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the County Board of The County of Lee, Illinois (the “*County*”), passed preliminary to the issue by the County of its fully registered Debt Certificates, Series 2017 (the “*Certificates*”), to the amount of \$_____, dated _____, 2017, due serially on October 1 of the years and in the amounts and bearing interest as follows:

2018	\$	%
2019		%
2020		%
2021		%
2022		%
2023		%
2024		%
2025		%
2026		%
2027		%
2028		%
2029		%
2030		%
2031		%
2032		%
2033		%
2034		%
2035		%
2036		%
2037		%

the Certificates due on or after October 1, 20__, being subject to redemption prior to maturity at the option of the County as a whole or in part in any order of their maturity as determined by the County (less than all of the Certificates of a single maturity to be selected by the Certificate Registrar), on October 1, 20__, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of certificate prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the County, and the Certificates are payable from any funds of the County legally available for such purpose, except that the rights of the owners of the Certificates and the enforceability of the Certificates may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. There is no statutory authority for the levy of a separate tax in addition to other County taxes or the levy of a special tax unlimited as to rate or amount to pay the principal and interest due on the Certificates. We express no opinion as to (a) the ability or the likelihood of the County

to make such payments when due or (b) the validity or feasibility of any future financings that the County may undertake in order to provide funds to make such payments.

It is our opinion that, subject to the County's compliance with certain covenants, under present law, interest on the Certificates is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "*Code*"), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such County covenants could cause interest on the Certificates to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Certificates. Ownership of the Certificates may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Certificates.

It is also our opinion that the Certificates are "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Certificates.

In rendering this opinion, we have relied upon certifications of the County with respect to certain material facts within the County's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

APPENDIX B

Proposed Form of Continuing Disclosure Undertaking

CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (the “Agreement”) is executed and delivered by The County of Lee, Illinois (the “County”), in connection with the issuance of \$_____ Debt Certificates, Series 2017 (the “Certificates”). The Certificates are being issued pursuant to an ordinance adopted by the County Board of the County on the 19th day of September, 2017, as supplemented by a notification of sale (together, the “Ordinance”).

In consideration of the issuance of the Certificates by the County and the purchase of such Certificates by the beneficial owners thereof, the County covenants and agrees as follows:

1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the County as of the date set forth below, for the benefit of the beneficial owners of the Certificates and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The County represents that it will be the only obligated person with respect to the Certificates at the time the Certificates are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Certificates.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means information of the type contained under the following headings and subheadings of the Official Statement:

FINANCIAL INFORMATION

- Summary of Outstanding Debt
- Debt Ratios (only as it relates to direct debt)
- Legal Debt Limitation
- Composition of EAV
- County Tax Rates by Purpose
- Tax Extensions and Collections
- Combined Statement of Revenues, Expenditures and Changes in Fund Balance
- Budget Summary

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the County prepared pursuant to the standards and as described in Exhibit I.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the County and which has filed with the County a written acceptance of such designation, and such agent’s successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Final Official Statement, dated September ___, 2017, and relating to the Certificates.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Certificates.

Reportable Event means the occurrence of any of the Events with respect to the Certificates set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of Illinois.

Undertaking means the obligations of the County pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Certificates are set forth in Exhibit III. The County will include the CUSIP Numbers in all disclosure materials described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the County hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in Exhibit I) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents required to be filed with EMMA, including financial statements and all other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the County will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the County hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Certificates or defeasance of any Certificates need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Certificateholders pursuant to the Ordinance.

6. CONSEQUENCES OF FAILURE OF THE COUNTY TO PROVIDE INFORMATION. The County shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the County to comply with any provision of this Agreement, the beneficial owner of any Certificate may seek mandamus or specific performance by court order, to cause the County to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the

Ordinance, and the sole remedy under this Agreement in the event of any failure of the County to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the County by ordinance authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the County, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Certificates, as determined by parties unaffiliated with the County (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the County shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the County shall be terminated hereunder if the County shall no longer have any legal liability for any obligation on or relating to repayment of the Certificates under the Ordinance. The County shall give notice to EMMA in a timely manner if this Section is applicable.

9. FUTURE CHANGES TO THE RULE. As set forth in Section 1 of this Agreement, the County has executed and delivered this Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding anything in this Agreement to the contrary, in the event the Commission, the MSRB or other regulatory authority shall approve or require changes to the requirements of the Rule, the County shall be permitted, but shall not be required, to unilaterally modify the covenants in this Agreement, without complying with the requirements of Section 7 of this Agreement, in order to comply with, or conform to, such changes. In the event of any such modification of this Agreement, the County shall file a copy of this Agreement, as revised, on EMMA in a timely manner.

10. DISSEMINATION AGENT. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

11. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the County chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the County shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

12. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the County, the Dissemination Agent, if any, and the beneficial owners of the Certificates, and shall create no rights in any other person or entity.

13. RECORDKEEPING. The County shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. ASSIGNMENT. The County shall not transfer its obligations under the Ordinance unless the transferee agrees to assume all obligations of the County under this Agreement or to execute an Undertaking under the Rule.

15. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

THE COUNTY OF LEE, ILLINOIS

By: _____
Chairman, County Board

Date: October ____, 2017

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The County shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 210 days after the last day of the County's fiscal year (currently November 30), beginning with the fiscal year ending November 30, 2017. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, the County will submit Audited Financial Statements to EMMA within 30 days after availability to the County.

Audited Financial Statements will be prepared in accordance with accounting principles generally accepted in the United States of America.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the County will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE CERTIFICATES
FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Certificate calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the County⁽¹⁾
13. The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

(1) This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

**EXHIBIT III
CUSIP NUMBERS**

<u>YEAR OF MATURITY</u>	CUSIP NUMBER (_____)
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	

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APPENDIX C

**Audited Financial Statements of the
County for the Fiscal Year Ended November 30, 2016**

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Lee County, Illinois
Year Ended November 30, 2016

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Lee County, Illinois
Dixon, Illinois

Financial Report
Year Ended November 30, 2016

Lee County, Illinois
Year Ended November 30, 2016



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Independent Auditor's Report

To the County Board
Lee County, Illinois
Dixon, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lee County, Illinois (the "County"), as of and for the year ended November 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely present component unit, Lee County Emergency Telephone System Board, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lee County, Illinois, as of November 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the required supplementary information on pages 43 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although no a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The other and supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Wigji LLP

Sterling, Illinois
May 2, 2017

Lee County, Illinois
Statement of Net Position
November 30, 2016

	Primary Government Governmental Activities	Component Unit
ASSETS		
Cash, deposits, and investments	\$18,543,184	\$1,043,548
Inventory	91,705	0
Prepaid expenses	0	18,652
Property taxes receivable	6,618,000	0
Accounts receivable	818,102	3,312
Due from the State	2,033,543	0
Due from other funds	317,257	0
Surcharge receivables	0	131,802
Total current assets	28,421,791	1,197,314
Noncurrent assets:		
Land and other nondepreciable assets	1,479,668	115,007
Depreciable property and equipment, net of depreciation	14,675,024	653,391
Total noncurrent assets	16,154,692	768,398
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of pension resources	3,596,275	42,669
LIABILITIES		
Current liabilities:		
Accounts payable	\$1,081,574	12,194
Accrued payroll	381,898	4,275
Accrued interest payable	2,062	0
Due to other funds	317,257	0
Other liabilities	0	0
Accrued compensated absences due within one year	53,050	1,493
Capital lease payable	95,200	0
Total current liabilities	1,931,041	17,962
Noncurrent liabilities -		
Accrued compensated absences	687,782	10,344
Other post-employment benefits	1,316,027	0
Net pension liability	4,614,176	39,008
Capital lease payable	57,450	0
Total noncurrent liabilities	6,675,435	49,352
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of pension resources	407,607	5,701
Deferred revenues	52,571	0
Unavailable property taxes	6,618,000	0
Total deferred inflows of resources	7,078,178	5,701
NET POSITION		
Net investment in capital assets	16,002,042	768,398
Restricted	10,296,200	0
Unrestricted	6,189,862	1,166,968
Total net position	\$32,488,104	\$1,935,366

See Accompanying Notes to Financial Statements.

Basic Financial Statements

Lee County, Illinois
 Governmental Funds
 Balance Sheet
 November 30, 2016

ASSETS	General	Illinois Municipal Retirement	Rural Transportation	Other Governmental Funds	Total Governmental Funds
Cash, deposits, and investments	\$9,524,323	\$344,686	\$245,173	\$7,659,924	\$17,774,106
Inventory	77,233	0	0	14,472	91,705
Property taxes receivable	2,979,174	762,500	0	2,519,360	6,261,034
Accounts receivable	336,613	0	0	476,148	812,761
Due from the State	769,575	0	1,020,727	243,241	2,033,543
Due from other funds	229,316	0	1,266	37,874	268,456
Total assets	\$13,916,234	\$1,107,186	\$1,267,166	\$10,951,019	\$27,241,605
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$169,845	\$0	\$729,851	\$126,440	\$1,046,136
Accrued payroll	175,580	131,957	2,332	72,029	381,898
Accrued compensated absences	43,294	0	0	9,756	53,050
Accrued interest	0	0	0	0	0
Due to others	0	0	0	0	0
Due to other funds	0	49,206	0	288,051	317,257
Total liabilities	408,719	181,163	732,183	476,276	1,798,341
Deferred inflows of resources -					
Deferred revenues				52,571	52,571
Unavailable property taxes	2,979,174	762,500	0	2,519,360	6,261,034
Total deferred inflows of resources	2,979,174	762,500	0	2,571,931	6,313,605
Fund balances:					
Nonspendable	77,233	0	0	14,472	91,705
Restricted	1,750,162	163,523	534,983	8,031,396	10,480,064
Committed	0	0	0	0	0
Assigned	5,995,982	0	0	0	5,995,982
Unassigned	2,704,964	0	0	(143,056)	2,561,908
Total fund balances	10,528,341	163,523	534,983	7,902,812	19,129,659
Total liabilities, deferred inflows of resources and fund balances	\$13,916,234	\$1,107,186	\$1,267,166	\$10,951,019	\$27,241,605

Lee County, Illinois
 Statement of Activities
 For the year ended November 30, 2016

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net Revenue (Expense) and Changes in Net Position	
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Unit
Primary government:						
Governmental activities:						
General government	\$6,501,656	\$1,525,381	\$2,065,696	\$0	(\$2,910,579)	\$0
Public safety	6,273,312	539,568	1,230	0	(5,732,514)	0
Judiciary and court related	3,932,411	1,243,494	516,936	0	(2,171,981)	0
Public health and welfare	1,911,241	1,017,084	510,276	0	(383,881)	0
Highways and street	3,247,451	510,857	156,122	1,242,856	(1,337,616)	0
Interest	2,184	0	0	0	(2,184)	0
Total primary government	\$21,868,255	\$4,836,384	\$3,250,260	\$1,242,856	(12,538,755)	0
Component unit:						
Emergency telephone system board	\$432,997	\$402,429				(30,568)
General revenues:						
Taxes:						
Property taxes					6,296,135	0
Sales taxes					1,146,912	0
Income taxes					1,377,261	0
Other taxes					785,788	0
Interest income					71,688	537
Miscellaneous					709,422	6,910
Total general revenues					10,387,206	7,447
Change in net position					(2,151,549)	(23,121)
Net position - beginning of year					34,639,653	1,958,487
Net position - ending					\$32,488,104	\$1,935,366

Lee County, Illinois

Reconciliation of the Balance Sheet to the Statement of Net Position
For the year ended November 30, 2016

Total fund balances - governmental funds	\$19,129,659
Amounts reported for governmental activities in the statement of net position are different because:	
An internal service fund is used to account for county and employee health insurance premiums	
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	787,782
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Net book value of assets reported.	16,154,682
Compensated absences not due and payable from current resources are not reported in the governmental funds.	(687,782)
Accrued long-term employee benefits are not due and payable in the current period and therefore are not reported as liabilities of the funds, but are included as liabilities and deferred items in the statement of net position	
Accrued net pension liability and related deferred outflows/inflows of resources	(1,425,508)
Long-term liabilities not due and payable with the current resources are not reported in the funds:	
Accrued interest payable	(2,062)
Other post-employment benefits	(1,316,027)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds -	
Capital leases	(152,650)
Total net position - governmental activities	<u>\$32,488,104</u>

See Accompanying Notes to Financial Statements.

Lee County, Illinois

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended November 30, 2016

	General	Illinois Municipal Retirement	Rural Transportation	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$2,661,225	\$723,954	\$0	\$2,554,354	\$5,939,533
Intergovernmental revenue	3,756,334	55,000	1,993,648	1,998,095	7,803,077
Licenses and permits	213,305	0	0	117,885	331,190
Charges for services	2,423,760	0	53,362	1,602,460	4,079,582
Interest	62,900	0	123	8,552	71,575
Other revenue	354,583	0	135,323	214,862	704,768
Total revenues	9,472,107	778,954	2,182,456	6,496,208	18,929,725
Expenditures:					
Current:					
General control and administration	2,782,530	164,707	1,986,581	411,614	5,345,432
Public safety	3,843,214	392,791	0	188,845	4,424,850
Judiciary and court related	2,285,918	284,500	0	593,410	3,143,828
Public health and welfare	174,415	0	0	1,645,431	1,819,846
Highways and streets	0	0	0	2,609,521	2,609,521
Debt service:					
Principal	122,846	0	0	0	122,846
Interest	2,184	0	0	0	2,184
Capital outlay	140,638	0	0	323,598	464,236
Total expenditures	9,351,745	821,998	1,986,581	5,772,419	17,932,743
Excess (deficiency) of revenues over expenditures	120,362	(43,044)	195,875	723,789	996,982
Other financing sources and (uses):					
Transfers in	1,223,007	0	0	31,447	1,254,454
Transfers out	(1,235,279)	0	(16,175)	(3,000)	(1,254,454)
Proceeds from capital lease	67,455	0	0	0	67,455
Total other financing sources (uses)	55,183	0	(16,175)	28,447	67,455
Net change in fund balance	175,545	(43,044)	179,700	752,236	1,064,437
Fund balances, beginning of year	10,352,796	206,567	355,283	7,150,576	18,065,222
Fund balances, end of year	\$10,528,341	\$163,523	\$534,983	\$7,902,812	\$19,129,659

See Accompanying Notes to Financial Statements.

Lee County, Illinois

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the year ended November 30, 2016

Net change in fund balance - Governmental funds	\$1,064,437
Amounts reported for governmental activities in the statement of activities are different because:	
An internal service fund is used to account for county and employee health insurance premiums. The net revenue of the internal service fund is reported with governmental activities.	34,519
Repayment of capital leases are reported in governmental funds as expenditures, but the repayment reduced long-term liabilities in the statement of net position.	122,846
Capital lease repayment	(67,455)
The issuance of capital leases are shown in the fund financial statements as other financing sources but are recorded as long-term liabilities on the government-wide statements.	(858,953)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. Donated capital assets are only reported in the statement of activities. This is the amount by which depreciation expense exceeds newly capitalized assets in the period.	(6,739)
The net effect of various transactions involving capital assets (i.e., disposals and sales) is to decrease net position.	24,428
Some expenses reported in the Statement of Activities do not require use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	(2,062)
Change in non current accrued compensated absences	(70,822)
Change in accrued interest payable	
Change in other post employment obligation	
In the statement of activities, postretirement obligations, net pension obligations, and deferred sources are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year net pension liabilities and related deferred outflows exceed the amount paid by.	(2,391,748)
Change in net position of governmental activities	<u>(\$2,151,549)</u>

See Accompanying Notes to Financial Statements.

Lee County, Illinois

Proprietary Fund
Statement of Net Position
November 30, 2016

ASSETS	Internal Service Funds
Cash, deposits, and investments	\$769,078
Property taxes receivable	356,966
Due from other funds	48,801
Accounts receivable	5,341
Total assets	\$1,180,186
LIABILITIES	
Accounts payable	\$35,257
Accrued payroll	181
Total liabilities	35,438
Deferred inflows of resources - Unavailable property taxes	356,966
Total liabilities and deferred inflows of resources	392,404
NET POSITION	
Unrestricted	787,782
Total net position	787,782
Amounts reported for business-type activities in the Statement of Net Position are different because - Such amounts are included in governmental net position	(787,782)
Total net position of business-type activities	\$0

See Accompanying Notes to Financial Statements.

Lee County, Illinois

Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position
For the year ended November 30, 2016

	Internal Service Funds
Operating revenues:	
Employee contribution	\$425,612
Board contribution	1,252,211
Revenue from insurance claims	4,654
Total operating revenues	1,682,477
Operating expenses -	
Health insurance premiums	1,668,534
Insurance and bonds	336,139
Total operating expenses	2,004,673
Net operating income (loss)	(322,196)
Nonoperating revenues:	
General property taxes	356,602
Interest income	113
Non-operating income (loss)	356,715
Net income before other financing sources (uses)	34,519
Other financing sources (uses):	
Transfers in	0
Total other financing sources (uses)	0
Change in net position	34,519
Net position, beginning of year	753,263
Net position, end of year	\$787,782
Amounts reported for business-type activities in the Statement of Activities are different because -	
The net revenue of the internal service fund is reported with governmental activities	(34,519)
Change in net position of business-type activities	(\$34,519)

See Accompanying Notes to Financial Statements.

Lee County, Illinois

Proprietary Fund
Statement of Cash Flows
For the year ended November 30, 2016

	Internal Service Fund Health Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from employees and Board	\$1,689,324
Payment to suppliers	(2,035,497)
Net cash flows from operating activities	(346,173)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	0
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers in	0
Property taxes	356,602
Interest income	113
Net cash flows from noncapital financing activities	356,715
CASH FLOWS FROM INVESTING ACTIVITIES	0
Net increase (decrease) in cash	10,542
Cash, beginning of year	758,536
Cash, end of year	\$769,078
RECONCILIATION:	
Net operating income (loss)	(\$322,196)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) decrease in:	
Receivables	6,847
Increase (decrease) in:	
Accounts payable	(30,824)
Net cash provided by (used in) operating activities	(\$346,173)

See Accompanying Notes to Financial Statements.

Lee County, Illinois
 Statement of Fiduciary Net Position
 November 30, 2016

Lee County, Illinois
 Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Introduction

Lee County was organized in 1839 and is divided into 22 townships and 16 municipalities. The County seat is located in the City of Dixon. The County provides services to its more than 34,735 residents in many areas, including law enforcement, administration of justice, community enrichment and development, and human services.

The financial statements of Lee County, Dixon, Illinois (the "County"), with the county seat located in Dixon, Illinois have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the County are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Financial Reporting Entity

The County is governed by a twenty-four member County Board. The accompanying financial statements present the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials are financially accountable or whose exclusion would render the financial statements misleading because of nature and significance of their relationship.

Discretely Component Unit – Lee County Emergency Telephone System Board

The component unit column in the combined financial statements includes the financial data of the Lee County Emergency Telephone System Board (ETSB). It is reported in a separate column to emphasize that it is legally separate from the County. The ETSB provides a significant amount of services to more than just the County. The Lee County Board Chairman, with the advice and consent of the Lee County Board, appoints board members to the ETSB. The members of ETSB are then responsible for planning the 911 emergency system receiving monies imposed under an established surcharge, and authorizing disbursements. The geographic area served by ETSB is the same as Lee County. The Treasurer of Lee County maintains the funds and invests or disburses them at the direction of ETSB. Lee County has the responsibility for approving the rate of the surcharge which funds the activities of ETSB and, therefore, has the ability to impose its will on that Board. Separate financial statements of ETSB are prepared. Complete financial statements for ETSB may be obtained by writing to: Lee County ETSB, E911 Center, 316 S. Hennepin Avenue, Dixon, Illinois, 61021.

ASSETS	Agency Funds
Cash, deposits, and investments	\$3,344,961
Accounts receivable	15,832
Due from other governments	0
Total assets	\$3,360,793

LIABILITIES	
Accounts payable	\$421,812
Agency funds due to others	2,938,981
Total liabilities	\$3,360,793

Note 1 Summary of Significant Accounting Policies (continued)

Other Entity Considerations

The County Board Chairman and County Board may make appointments of the governing boards of a number of drainage, public water, and sanitary districts. Even though the County Board may appoint a majority of the members of the respective districts, the members do not serve at the discretion of the County Board, that is, they can be removed only for cause. There are no indications that the County Board can impose its will over these districts and therefore has no financial accountability. These units are not considered component units of Lee County, Illinois.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

General – This fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Illinois Municipal Retirement Fund – This fund is used to account for the revenues and expenditures associated with the Illinois Municipal Retirement pension plan. Financing is provided by an annual property tax levy.

Rural Transportation Fund – This fund is used to account for the revenues and expenditures associated with the cost of running the rural transportation routes throughout the County. Financing is provided by grants.

The County administers an internal service fund (reported as a proprietary fund type) to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County administers the following internal service fund:

Note 1 Summary of Significant Accounting Policies (continued)

Health Insurance – This fund accounts for employee and County Board medical premiums.

Additionally, the County administers fiduciary (agency) funds for assets held by the County in a fiduciary capacity.

During the course of operations the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The County has elected to take exception to this assumption for revenue remitted by the State. Due to the State being late with payments, the County considers those amounts applicable to the current fiscal year to be available as it is vouchered by the State. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Note 1 Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Budgetary Basis of Accounting

Annual budgets are adopted on a cash basis which is not consistent with generally accepted accounting principles (GAAP) basis consistent with generally accepted accounting principles.

The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. Appropriations in all budgeted funds lapse at the end of the fiscal year.

Cash and Cash Equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The cash balances of most County funds are pooled and invested. Each fund's share of the investment pool is reflected on its respective balance sheet.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of deed stamps. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

Note 1 Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the County chose to include all such items regardless of their acquisition date or amount. As the County constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Infrastructure	15 - 30 years
Buildings and improvements	10 - 40 years
Equipment	5 - 20 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Note 1 Summary of Significant Accounting Policies (continued)

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the County that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The County has by resolution authorized an official of the County Board to assign fund balance. The County Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

The County's property tax is levied each year on all taxable real property located in the County. The 2015 property tax levy is recorded as revenue by the County in accordance with the applicable measurement focus and basis of accounting for fiscal year 2016. The County must file its tax levy by the last Tuesday of December each year. The 2015 levy was approved on November 17, 2015. The 2016 levy was approved on November 15, 2016.

The township assessors are responsible for assessment of all taxable real property within the County. The County Clerk computes the annual tax of each parcel of real property and prepares tax books used by the County Collector as a basis for issuing tax bills to all taxpayers in the County.

Property taxes are collected by the County Treasurer, who remits to the units their respective share of the collections. Taxes levied in 2015 became due and payable in two installments, generally in June 2016 and September 2016. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year.

Note 1 Summary of Significant Accounting Policies (continued)

Compensated Absences

The County accrues accumulated unpaid sick leave, vacation days, and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

The County permits use of sick days if needed and an accumulation of unused days. After an employee accumulates 60 days sick leave, said employee will be paid for one-half of such accumulated days in excess of 60 days. This payment is to be made in December following the close of the fiscal year in which the excess days are accumulated. The balance owed to County employees at November 30, 2016, for one-half of accumulated days in excess of 60 days is shown as a current liability of the funds.

Vacation

As of November 30, 2016, the County has an estimated liability to its employees for accumulated vacation days in the amount of \$210,399.

Sick Leave

As of November 30, 2016, the County has an estimated liability to its employees for 50% of the accumulated sick days in the amount of \$477,383.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF) and additions to/deductions from IMRF's fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a fund's principal ongoing operations. The principal operating revenues of internal service funds are charges to customers for sales and services. Operating expenses for internal service funds include the cost of sales and services, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Lee County, Illinois
Notes to Financial Statements

Note 2 Stewardship, Compliance and Accountability

Excess of expenditures over appropriations

Fund	Amount
Capital Project Fund	\$29,681
IMRF Fund	\$79,276
Court Document Storage Fund	\$82,394
Circuit Clerk Automation Fund	\$62,406
Social Services for Seniors Fund	\$3,897
County Tourism Promotion Fund	\$1,645
Drug Street Fine Fund	\$7,028
GIS Recording Fees	\$6,550
Sheriff Tow Fund	\$2,902
Lee County Employee Group Insurance Fund	\$52,795

Deficit Fund Equity

As of November 30, 2016, the Animal Control Fund (\$143,056) had a deficit fund balance.

Note 3 Cash Deposit with Financial Institutions

Primary Government

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of November 30, 2016, the County's bank balance was \$21,888,145 and the entire balance was insured and collateralized with securities in the County's name.

Component Unit (ETSB)

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, ETSB's deposits may not be returned to it. ETSB does not have a deposit policy for custodial credit risk. As of November 30, 2016, ETSB's bank balance was \$1,062,887 and the entire balance was insured and collateralized.

Lee County, Illinois
Notes to Financial Statements

Note 4 Capital Assets

Primary Government

The governmental activities capital asset activity of the County (primary government) for the year ended November 30, 2016 is as follows:

Governmental activities:	Balance 11/30/2015	Increases	Decreases and Transfers	Balance 11/30/2016
Capital assets, not being depreciated:				
Land	\$1,479,668	\$0	\$0	\$1,479,668
Construction in progress	237,490	0	(237,490)	0
Total capital assets, not being depreciated	1,717,158	0	(237,490)	1,479,668
Capital assets, being depreciated:				
Building and building improvements	18,219,000	0	0	18,219,000
Equipment	7,316,518	140,638	(19,254)	7,437,902
Intangible assets	0	264,329	237,490	501,819
Infrastructure	9,566,312	59,269	0	9,625,581
Total capital assets, being depreciated:	35,101,830	464,236	218,236	35,784,302
Accumulated depreciation:				
Building and building improvements	8,944,143	505,880	0	9,450,023
Equipment	5,945,786	458,128	(12,515)	6,391,399
Intangible assets	0	36,965	0	36,965
Infrastructure	4,908,675	322,216	0	5,230,891
Total accumulated depreciation	19,798,604	1,323,189	(12,515)	21,109,278
Total capital assets, being depreciated, net	15,303,226	(858,953)	(6,739)	14,675,024
Governmental activities capital assets, net	\$17,020,384	(\$858,953)	(\$6,739)	\$16,154,692

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	Amount
General government	\$189,716
Public safety	123,149
Highways and streets	509,067
Public health and welfare	14,821
Judiciary and Court Related	486,436
Total depreciation expense, governmental activities	\$1,323,189

Note 4 Capital Assets (continued)

Component Unit (ETSB)

Capital asset activity for the year ended November 30, 2016 was as follows:

Governmental activities:	Balance 11/30/2015	Increases	Decreases and Transfers	Balance 11/30/2016
Capital assets, not being depreciated				
Construction in progress	\$17,200	\$115,007	(\$17,200)	\$115,007
Capital assets, being depreciated:				
Building	81,269	0	0	81,269
Building improvements	669,357	0	0	669,357
Equipment and furniture	1,280,184	17,200	0	1,297,384
Total capital assets, being depreciated:	2,030,810	17,200	0	2,048,010
Less accumulated depreciation for:				
Building	(40,216)	(2,491)	0	(40,216)
Building improvements	(324,609)	(17,031)	0	(324,609)
Equipment and furniture	(958,098)	(52,174)	0	(1,010,272)
Total accumulated depreciation	(1,322,923)	(71,696)	0	(1,394,619)
Total capital assets, being depreciated, net	707,887	(54,496)	0	653,391
Governmental activities capital assets, net	\$725,087	\$60,511	(\$17,200)	\$768,398

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
Emergency telephone system board	\$71,696

Note 6 Retirement Plans

Lee County Regular Plan (Plan) is commingled with Lee County and Lee County Emergency Telephone System Board.

IMRF Plan Description:

The County's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The County's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired **on or after** January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Note 6 Retirement Plans (continued)

Regular Plan (RP):

Employees Covered by the Benefit Terms

As of December 31, 2015, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	149
Inactive plan members entitled to but not yet receiving benefits	159
Active plan members	120
Total	428

Contributions

As set by statute, the County's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County's annual contribution rate for calendar year 2015 was 9.85%. For the fiscal year ended November 30, 2016, the County contributed \$493,399 to the plan. The County also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The County's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.49%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Note 6 Retirement Plans (continued)

Regular Personnel (RP) (continued):

Actuarial assumptions (continued)

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2015:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.49%.

Lee County, Illinois
Notes to Financial Statements

Note 6 Retirement Plans (continued)

Regular Personnel (RP) (continued):

Changes in the Net Pension Liability

	Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2014	\$30,370,821	\$30,402,261	(\$31,440)
Changes for the year:			
Service cost	571,066	0	571,066
Interest on the total pension liability	2,252,055	0	2,252,055
Differences between expected and actual experience of the total pension liability	(467,479)	0	(467,479)
Changes of assumptions	38,512	0	38,512
Contributions – employer	0	537,286	(537,286)
Contributions – employees	0	248,138	(248,138)
Net investment income	0	150,830	(150,830)
Benefit payments, including refunds of employee contributions	(1,257,908)	(1,257,908)	0
Other (net transfer)	0	(674,068)	674,068
Net changes	1,136,246	(995,722)	2,131,968
Balances at December 31, 2015	\$31,507,067	\$29,406,539	\$2,100,528

Net pension liability was allocated based on the percentage of the fiscal year 2016 contributions.

	County	ETSB	Total
Balance December 31, 2014	(\$30,846)	(\$594)	(\$31,440)
Net changes	2,092,376	39,592	2,131,968
Balances as of December 31, 2015	\$2,061,520	\$39,008	\$2,100,528

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.49%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.49%)	Current Discount (7.49%)	1% Higher (8.49%)
Net pension liability	\$6,301,381	\$2,100,528	(\$1,317,594)

Lee County, Illinois
Notes to Financial Statements

Note 6 Retirement Plans (continued)

Regular Personnel (RP) (continued):

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended November 30, 2016, the County recognized pension expense of \$493,399. At November 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	\$27,048	\$307,015
Changes of assumptions	356,839	0
Net difference between projected and actual earnings on pension plan investments	1,913,801	0
Total deferred amounts to be recognized in pension expense in future periods	2,297,688	307,015
Pension contributions made subsequent to the measurement date	447,406	0
Total deferred amounts related to pensions	\$2,745,094	\$307,015

Deferred outflows and inflows were allocated based on the percentage of the fiscal year 2016 contributions.

	County	ETSB	Total
Deferred outflows	(\$2,255,019)	(\$42,669)	(\$2,297,688)
Subsequent contributions	(437,816)	(9,589)	(447,406)
Deferred inflows	301,314	5,701	307,015
Net Deferred (outflows)/inflows	(\$2,391,522)	(\$46,557)	(\$2,438,079)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

	Year Ending December 31	Net Deferred Outflows of Resources
2016	\$710,194	
2017	363,368	
2018	498,843	
2019	417,268	
2020	0	
Thereafter	0	
Total	\$1,990,673	

Note 6 Retirement Benefits (continued)

Payable to the Pension Plan

At November 30, 2016, the County reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended November 30, 2016.

Sheriff's Law Enforcement (SLEP):

Employees Covered by the Benefit Terms

As of December 31, 2015, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	19
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	30
Total	53

Contributions

As set by statute, the County's Regular Plan Members are required to contribute 7.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County's annual contribution rate for calendar year 2015 was 19.62%. For the fiscal year ended November 30, 2016, the County contributed \$419,753 to the plan. The County also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The County's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Note 6 Retirement Plans (continued)

Sheriff's Law Enforcement (SLEP) (continued):

Actuarial assumptions (continued)

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2015:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

3. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
4. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.48%.

Lee County, Illinois
Notes to Financial Statements

Note 6 Retirement Plans (continued)

Sheriff's Law Enforcement (SLEP) (continued):

Changes in the Net Pension Liability

	Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2014	\$15,945,713	\$14,420,125	\$1,525,588
Changes for the year:			
Service cost	397,090	0	397,090
Interest on the total pension liability	1,187,373	0	1,187,373
Differences between expected and actual experience of the total pension liability	(125,340)	0	(125,340)
Changes of assumptions	44,200	0	44,200
Contributions – employer	0	384,797	(384,797)
Contributions – employees	0	(167,367)	(167,367)
Net investment income	0	71,918	(71,918)
Benefit payments, including refunds of employee contributions	(625,238)	(625,238)	0
Other (net transfer)	0	(147,827)	147,827
Net changes	878,085	(148,983)	1,027,068
Balances at December 31, 2015	\$16,823,798	\$14,271,142	\$2,552,656

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.48%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.48%)	Current Discount (7.48%)	1% Higher (8.48%)
Net pension liability	\$4,968,692	\$2,552,656	\$592,241

Lee County, Illinois
Notes to Financial Statements

Note 6 Retirement Plans (continued)

Sheriff's Law Enforcement (SLEP) (continued):

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended November 30, 2016, the County recognized pension expense of \$419,753. At November 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	\$235,565	\$106,293
Changes of assumptions	191,145	0
Net difference between projected and actual earnings on pension plan investments	914,546	0
Total deferred amounts to be recognized in pension expense in future periods	\$1,341,256	\$106,293
Pension contributions made subsequent to the measurement date	364,864	0
Total deferred amounts related to pensions	\$1,706,120	\$106,293

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

	Year Ending December 31	Net Deferred Outflows of Resources
2016		\$306,891
2017		306,891
2018		306,892
2019		269,056
2020		52,393
Thereafter		(7,160)
Total		\$1,234,963

Payable to the Pension Plan

At November 30, 2016, the County reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended November 30, 2016.

Lee County, Illinois
Notes to Financial Statements

Note 7 Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan was approved to comply with IRC Section 457(g) which allows for the plan to hold its assets in trust. Under these requirements, the assets of the plan are not subject to the general creditors of the County, the County does not own the amount deferred by employees and, therefore, the liability and corresponding investment are not reflected in the financial statements.

Note 8 Other Post-Employment Benefits

Plan Description

In addition to providing the pension benefits described in Note 6, the County provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan (Retiree Healthcare Program). The benefits, benefit levels, employee contributions and employer contributions are governed by the County and can be amended by the County through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the County's governmental activities.

Benefits Provided

The County provides continued health insurance coverage at a reduced rate to all eligible retirees, which creates a subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under one of the County's retirement plans. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree cannot participate in the plan.

Membership

At November 30, 2016, membership (most recent actuarial valuation date) consisted of:

Retirees and beneficiaries currently receiving benefits	2
Terminated employees entitled to benefits but not yet receiving them	0
Active employees	105
Total	147
<hr/>	
Participating employers	1

Funding Policy

The County is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

Premium cost sharing arrangements vary depending on the bargaining unit and date of retirement. Qualified retirees pay a percentage of the premium cost for single and dependent coverage based on Medicare status and family status.

Lee County, Illinois
Notes to Financial Statements

Note 8 Other Post-Employment Benefits (continued)

Annual OPEB Costs and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The County had an actuarial valuation performed for the plan as of November 30, 2016 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended November 30, 2016.

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
November 30, 2016	\$89,110	\$18,287	21.00	\$1,316,027
November 30, 2015	257,127	41,065	15.97	1,245,204
November 30, 2014	265,703	40,052	15.07	1,029,142

The annual required contribution for the year ended November 30, 2016, was calculated as follows:

Normal cost	\$52,657
Amortization of unfunded actuarial accrued liability	28,152
Total annual required contribution	\$80,809
<hr/>	
Annual required contribution	\$80,809
Interest on net OPEB obligation	49,808
Adjustment to annual required contribution	(41,507)
Annual OPEB cost	89,110
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Contributions made	(18,287)
Increase in net OPEB obligation	70,823
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Net OPEB obligation, beginning of year	1,245,204
Net OPEB obligation, end of year	\$1,316,027

Lee County, Illinois
Notes to Financial Statements

Note 8 Other Post-Employment Benefits (continued)

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AALs for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the November 30, 2016 actuarial valuation, the entry-age normal cost method was used. The actuarial assumptions included a discount rate of 4.0 percent, salary increases comprised of a wage inflation component of 4.0 percent and an ultimate healthcare trend rate of 4.80 percent initially and an ultimate rate of 5.50 percent. The calculations assume a level-percentage-of-pay 30-year open amortization period for retirees.

The actuarial value of assets was not determined as the County has not advance funded its obligation.

Note 9 Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has purchased commercial insurance for general liability, workers' compensation, property insurance and other risks accounted for in the Liability Insurance Fund. There have been no significant reductions in coverage from the prior year. Settlements have not exceeded coverage in the past three years.

Note 10 Long-Term Debt

The County obtained a capital lease for two Ford SUVs. The lease is payable in annual installments of \$16,669 with the final payment due in March 2017.

The County obtained a capital lease for three Ford Explorers. The lease is payable in annual installments of \$23,627 with the final payment due in October 2017.

The County obtained a capital lease for two Ford SUVs. The lease is payable in annual installments of \$13,989 with the final payment due in March 2018.

Lee County, Illinois
Notes to Financial Statements

Note 10 Long-Term Debt (continued)

The County obtained a capital lease for portable radios and accessories. The lease is payable in annual installments of \$22,047 with the final payment due in June 2018.

The County obtained a capital lease for three Dodge Chargers dated June 14, 2016. The lease is payable in annual installments of \$23,072 with the final payment due in June 2018.

Amortization of leased machinery and equipment under capital assets is included with depreciation expense.

Annual debt service requirements to maturity are as follows:

	Fiscal Year Ended November 30,		Principal	Interest
	2017		\$95,200	\$4,203
	2018		57,450	1,658
			\$152,650	\$5,861

Long term liability activity for the year ended November 30, 2016, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Capital lease payable	\$208,041	\$67,455	(\$122,846)	\$152,650	\$95,200
Compensated absences	831,244	617,670	(708,082)	740,832	53,050
Other post-employment benefits	1,245,204	89,110	(18,287)	1,316,027	0
Governmental activity Long-term liabilities	\$2,284,489	\$774,235	(\$849,215)	\$2,209,509	\$148,250

The County is subject to a debt limitation of 5.75% of its assessed valuation of \$718,274,387. As of November 30, 2016, the County had \$41,148,127 remaining legal debt margin.

Note 11 Net Position

Net position reported on the government wide statement of net position at November 30, 2016:

Primary Government:	
Governmental Activities:	
Net investment in capital assets:	
Land and other nondepreciable assets	\$1,479,668
Other capital assets, net of accumulated depreciation	14,675,024
Less: related long-term debt outstanding	(152,650)
Total net investment in capital assets	16,002,042
Restricted:	
State statutes and enabling legislation	9,761,217
Externally imposed by grantors	534,983
Total restricted	10,296,200
Unrestricted	6,189,862
Total governmental activities net position	\$32,488,104

Component Unit (ETSB)

Governmental Activities:	
Net investment in capital assets:	
Land and other nondepreciable assets	\$115,007
Other capital assets, net of accumulated depreciation	653,391
Less: related long-term debt outstanding	(0)
Total net investment in capital assets	768,398
Unrestricted	1,166,968
Total component unit	\$1,935,366

Note 12 Fund Balance

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Below are definitions of the how these balances are reported.

Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. The County has nonspendable balances at year end that are listed below.

Note 12 Fund Balance (continued)

Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Examples of these restrictions could be those imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The County has restricted balances at year end that are listed below.

Committed Fund Balance

The County commits fund balance by making motions or passing resolution to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contract requirements. The County has no committed balance at year end.

Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the Board to assign amounts to be used for specific purposes. The County has assigned balances at year end that are listed below.

Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund and for funds with negative fund balances.

Primary Government:

Nonspendable Fund Balance	
Major Funds:	
General – inventory	\$77,233
Nonmajor Funds:	
County Health – inventory	14,472
Total nonspendable fund balance	\$91,705

Lee County, Illinois
Notes to Financial Statements

Note 12 Fund Balance (continued)

Restricted Fund Balance	
Major Funds:	
State statutes and enabling legislation:	
General – solid waste management	\$1,750,162
Illinois Municipal Retirement	163,523
Externally imposed by grantors:	
Rural Transportation	534,983
Non-Major Funds:	
State statutes and enabling legislation:	
Special Recording Automation	105,589
Vital Records Automation	3,492
County Collector Automation	10,384
County Tourism Promotion	11,464
Indemnity	415,222
G.I.S. Recording Fees	102,536
Child Support Enforcement Program	90,079
Probation Services	145,299
Court Document Storage	182,585
Circuit Clerk Automation Fee	99,959
Circuit Clerk Operations	63,094
Law Library	82,134
Drug Forfeiture	8,472
Home Confinement	14,904
JJC Youth Diversion	14,745
JJC Council	12,769
Title IV E	324
Drug Street Fine	6,500
Marriage	7,349
Drug Court	28,001
Domestic Violence	7,146
State's Attorney Collection	1,287
State's Attorney Records Automation	12,504
Social Services for Senior Citizens	8,832
Tuberculosis Sanatorium	75,191
Veterans Assistance	180,405
Lee County Cooperative Extension Service	8,884
Arrestee's Medical Costs	11,904
Mental Health	29,135
Pet Population	35,040
County Special Bridge	991,260
Federal Aid Secondary Matching	1,436,469
County Motor Fuel Tax	701,045
Police Vehicle	8,392
Coroner	20,569
County Highway	966,337
County Health	1,028,541
Sheriff Tow	30,341
Social Security	1,073,213
Externally imposed by grantors - Grant	0
Total restricted fund balance	\$10,480,064

Lee County, Illinois
Notes to Financial Statements

Note 12 Fund Balance (continued)

Assigned Fund Balance	
Major Funds:	
General – Capital Projects Account	\$5,957,404
General – Capital Improvement Replacement Account	38,578
Total assigned fund balance	\$5,995,982
Unassigned Fund Balance	
Major Funds:	
General Fund	\$2,704,964
Nonmajor Funds:	
Animal Control	(143,056)
Total unassigned fund balance	\$2,561,908
Component Unit (ETSB)	
Nonspendable Fund Balance	
Major Funds:	
General – Prepaid expenses	\$18,652
Unassigned Fund Balance	
Major Funds:	
General	\$1,160,700

Note 13 Interfund Receivables and Payables

Below are the interfund balances as of November 30, 2016:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$229,316	\$0
IMRF Fund	0	49,206
Rural Transportation Fund	1,266	0
Nonmajor Funds	37,874	268,051
Internal Service Funds	48,801	0
	\$317,257	\$317,257

The outstanding loans were made to simplify cash flows within the County. The loans will be repaid as soon as funding is available.

Lee County, Illinois
Notes to Financial Statements

Note 14 Interfund Transfers

Below are the interfund transfers as of November 30, 2016:

Fund	Transfer In	Transfer Out
Major funds -		
General	\$1,223,007	\$1,235,279
Rural Transportation	0	16,175
Other governmental	31,447	3,000
	\$1,254,454	\$1,254,454

All transfers were made to simplify cash flows within the County.

Note 15 Construction and Other Significant Commitments

As on November 30, 2016, the County had no construction or other significant commitments.

Note 16 Contingencies

From time to time, the County is party to other pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the County's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

Note 17 Solid Waste Management Host Fees

The County entered into an agreement with Allied Waste Industries on June 1, 1994 to allow disposing of waste in the landfill in exchange for host fee payments. The Agreement provides that Allied Waste Industries is to pay Lee County a quarterly fee for the amount of waste dumped into the landfill. The contract states that the term of the contract is until the later of June 1, 2014 or the landfill permanently ceases to accept waste for disposal. The County is involved in a declaratory judgment action with Allied Waste seeking a court option on the rights and responsibilities of the contract. In the Second Amendment and the Third Amendment to the Agreement executed on November 18, 2008 and March 20, 2012, there is a clause that states that Allied Waste will have capacity to dispose of the County's waste until October 15, 2022. In the current year, the County collected, on a case basis, \$660,801 in host fees, but this amount does not include payment from the previous year tonnage.

Lee County, Illinois
Notes to Financial Statements

Note 18 Impact of Pending Account Principles

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* addresses the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The County has not determined the effect of this Statement.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires governments that enter into tax abatement agreements to disclose the certain information about the agreements to allow readers of the financial statements to better access the revenue-generating capacity of the government. The provisions in Statement No. 77 are effective for reporting periods beginning after December 15, 2015. The County has not determined the effect of this Statement.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* amends the blending requirements by requiring the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The County has not determined the effect of this Statement.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. The County has not determined the effect of this Statement.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* amends the required presentation to include the covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2017. The County has not determined the effect of this Statement.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations, and requires the current value of a government's asset retirement obligations to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2018. The County has not determined the effect of this Statement.

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The County has not determined the effect of this Statement.

Lee County, Illinois

General Fund

Budgetary Comparison Schedule (Non-GAAP Basis)

Required Supplementary Information

For the year ended November 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget
Revenues:				
Taxes:				
General property taxes	\$2,796,257	\$2,796,257	\$2,661,225	(\$135,032)
Sales tax	450,000	450,000	416,002	(33,998)
Supplemental county retail taxes	700,000	700,000	742,481	42,481
Increased use tax	240,000	240,000	386,931	146,931
	4,186,257	4,186,257	4,206,639	20,382
Intergovernmental revenues:				
State income tax	1,300,000	1,300,000	1,323,997	23,997
Personal property replacement tax	375,000	375,000	361,297	(13,703)
ESDA grant revenue	2,000	2,000	6,335	4,335
FEMA	16,600	16,600	22,719	6,119
Gaming and pull tabs	30,000	30,000	45,828	15,828
Aid to dependent children	700	700	1,571	871
County employee salaries	585,410	585,410	563,131	(22,279)
Elections	0	22,190	0	(22,190)
	2,309,710	2,331,900	2,324,878	(7,022)
Licenses and permits:				
Liquor licenses	50,650	50,650	51,560	910
Zoning fees	50,000	50,000	104,803	54,803
Raffle permit	250	250	495	245
Rabies tags	69,308	69,308	66,699	(2,609)
	170,208	170,208	223,557	53,349
Revenue from services:				
County clerk	580,494	580,494	518,552	(61,942)
Public defender	2,500	2,500	2,875	375
Chief county assessment officer	1,000	1,000	1,395	395
Clerk of the circuit court	550,000	550,000	680,069	130,069
Animal impoundment fees	6,192	6,192	6,749	557
State's attorney	15,000	15,000	18,796	3,796
County sheriff	80,000	80,000	64,572	(15,428)
ETSB reimbursement	102,796	102,796	102,796	0
ETSB overtime credit	3,000	3,000	3,911	911
Impoundment fees	0	0	0	0
Court system fees	22,106	22,106	30,018	7,912
Bailiff - court security	57,895	57,895	78,907	21,012
County traffic fee	80,000	80,000	126,273	46,273
County's share of drug fines	1,163	1,163	2,033	870
Deferred prosecution program	0	0	900	900
Township assessment reimbursement	0	6,000	41,282	35,282
State's attorney second chance	10,000	10,000	2,738	(7,262)
Village of Paw Paw police protection	60,816	60,816	60,816	0
	1,572,962	1,578,962	1,742,682	163,720

See Notes to Required Supplementary Information.

Lee County, Illinois

General Fund
(Continued)
Budgetary Comparison Schedule (Non-GAAP Basis)
Required Supplementary Information
For the year ended November 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget
Revenues (continued)				
Revenue from use of money and property:				
Interest on investments	3,000	3,000	3,477	477
Royalty income	3,000	3,000	1,717	(1,283)
Rent - health department	0	0	1	1
Rent - JTPA	7,200	7,200	7,200	0
Rent - law enforcement center	120,000	120,000	134,206	14,206
Rent - courthouse room	500	500	100	(400)
	133,700	133,700	146,701	13,001
All other sources:				
Tourism Admin Fee	2,000	2,000	2,080	80
Toxicology	500	500	180	(320)
Laredo/tapestry	27,592	27,592	33,979	6,387
Workers compensation refund	0	0	40,480	40,480
Work release fees	5,000	5,000	1,191	(3,809)
Penalties and costs on delinquent taxes	120,000	120,000	39,748	(80,252)
Miscellaneous	15,000	15,000	87,333	72,333
	170,092	170,092	204,991	34,899
Total revenues	8,542,929	8,571,119	8,849,448	278,329
Expenditures:				
General control and administration:				
County clerk's office	730,660	730,660	716,128	14,532
County treasurer's office	195,554	195,554	190,496	5,058
Courthouse	663,116	663,116	596,618	66,498
County board	273,545	273,545	197,921	75,624
Insurance and bonds	912,000	912,000	912,000	0
Accounting and auditing	45,000	45,000	40,685	4,315
Computer service	125,514	125,514	127,507	(1,993)
Assessments/property records	252,480	252,480	241,749	10,731
	3,197,869	3,197,869	3,023,104	174,765

See Notes to Required Supplementary Information.

Lee County, Illinois

General Fund
(Continued)
Budgetary Comparison Schedule (Non-GAAP Basis)
Required Supplementary Information
For the year ended November 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget
Expenditures (continued):				
County development:				
Zoning office	78,878	78,878	83,102	(4,224)
Regional planning commission	5,796	5,796	1,339	4,457
	84,674	84,674	84,441	233
Public safety:				
County sheriff's office	3,196,935	3,196,935	3,315,195	(118,260)
County coroner	137,471	137,471	141,000	(3,529)
Rabies control	75,500	75,500	63,613	11,887
ESDA	49,038	49,038	63,312	(14,274)
	3,458,944	3,458,944	3,583,120	(124,176)
Judiciary and court related:				
Circuit clerk's office	411,293	411,293	343,158	68,135
States attorney	666,588	666,588	650,147	16,441
Public defender	177,183	177,183	179,820	(2,637)
Presiding judge (Jacobson)	183,800	183,800	190,545	(6,745)
Associate judge (Beckman)	36,541	36,541	37,328	(787)
Associate judge (Ackert)	4,700	4,700	3,788	912
Probation office	504,561	504,561	472,461	32,100
Circuit judge	69,620	69,620	68,949	671
Jury certificates	10,000	10,000	10,000	0
	2,064,286	2,064,286	1,956,196	108,090
All other:				
Superintendent of education service region	59,050	59,050	52,765	6,285
Miscellaneous	0	0	70,773	(70,773)
IMRF reimbursement	0	0	56,926	(56,926)
Sick pay	113,094	113,094	135,380	(22,286)
Contingencies	50,000	50,000	3,694	46,306
	222,144	222,144	319,538	(97,394)
Total expenditures	9,027,917	9,027,917	8,966,399	61,518
Excess (deficiency) of revenues over (under) expenditures	(484,988)	(456,798)	(116,951)	339,847

See Notes to Required Supplementary Information.

Lee County, Illinois

General Fund
 (Continued)
 Budgetary Comparison Schedule (Non-GAAP Basis)
 Required Supplementary Information
 For the year ended November 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget
Expenditures (continued):				
Other financing sources (uses):				
Transfers in	32,931	2,457,584	693,609	(1,763,975)
Capital lease acquisition	0	0	67,455	67,455
Transfers out	0	0	(25,000)	(25,000)
Total other financing sources (uses)	32,931	2,457,584	736,064	(1,721,520)
Net change in fund balance	(\$452,057)	\$2,000,786	619,113	(\$1,381,673)
Adjustment from budgetary basis to generally accepted accounting principles basis			(243,838)	
Fund balances, beginning of year			2,406,922	
Fund balances, end of year			\$2,782,197	
GAAP fund balance for General Fund:				
General Account			\$2,782,197	
Solid Waste Management Account			1,750,162	
Capital Projects Account			5,957,404	
Capital Improvement Replacement Account			38,578	
GAAP fund balance for General Fund			\$10,528,341	

See Notes to Required Supplementary Information.

Lee County, Illinois

Illinois Municipal Retirement Fund
 Budgetary Comparison Schedule (Non-GAAP Basis)
 Required Supplementary Information
 For the year ended November 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget
Revenues -				
Taxes -				
Property taxes	\$725,000	\$725,000	\$723,954	(\$1,046)
Intergovernmental revenues -				
Personal property replacement tax	55,000	55,000	55,000	0
Total revenues	780,000	780,000	778,954	(1,046)
Expenditures -				
Illinois Municipal Retirement Fund payments	742,304	742,304	821,580	(79,276)
Net change in fund balance	\$37,696	\$37,696	(42,626)	(\$80,322)
Adjustment from budgetary basis to generally accepted accounting principles basis			(418)	
Fund balances, beginning of year			206,567	
Fund balances, end of year			\$163,523	

See Notes to Required Supplementary Information.

Lee County, Illinois
Schedules of Required Supplementary Information
Multiyear Schedule of Changes in Net Pension Liability and Related Ratios
IMRF Regular Plan
Last 10 Calendar Years
(schedule to be built prospectively from 2014)

Calendar year ending December 31,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total pension liability:										
Service cost	\$571,066	\$582,656								
Interest on the total pension liability	2,252,055	2,062,792								
Benefit changes	0	0								
Difference between expected and actual experience	(467,479)	84,600								
Assumption changes	38,512	1,037,038								
Benefit payments and refunds	(1,257,908)	(1,217,652)								
Net change in total pension liability	1,136,246	2,549,434								
Total pension liability - beginning	30,370,821	27,821,387								
Total pension liability - ending (a)	\$31,507,067	\$30,370,821								
Plan fiduciary net position:										
Employer contributions	\$537,286	\$530,595								
Employee contributions	248,138	243,828								
Pension plan net investment income	150,830	1,751,684								
Benefit payments and refunds	(1,257,908)	(1,217,652)								
Other	(674,068)	156,065								
Net change in plan fiduciary net position	(995,722)	1,464,520								
Plan fiduciary net position - beginning	30,402,261	28,937,741								
Plan fiduciary net position - ending (b)	\$29,406,539	\$30,402,261								
Net pension liability(asset) - Ending (a) - (b)	2,100,528	(31,440)								
Plan fiduciary net position as a percentage of total pension liability	93.33%	100.10%								
Covered valuation payroll	5,142,021	5,107,455								
Net pension liability as a percentage of covered valuation payroll	40.85%	-0.62%								

Lee County is commingled with the Lee County Regular Plan (Plan).
Multiyear Schedules of Changes in Net Position and Related Ratios is presented for the Plan.

	Budget Original	Budget Final	Actual	Variance with Final Budget
Revenues:				
Intergovernmental revenues - Grants	\$2,120,650	\$2,120,650	\$1,532,300	(588,350)
Revenues from services - Fares, fees, contracts, and other	36,250	36,250	54,762	18,512
Revenue from use of money - Interest	1,220	1,220	123	(1,097)
Other - Miscellaneous	215,500	215,500	139,705	(75,795)
Total revenues	2,373,620	2,373,620	1,726,890	(646,730)
Expenditures:				
General control and administration: Salaries	125,650	125,650	91,185	34,465
Contractual expenditures	1,758,000	1,758,000	1,502,938	255,062
Miscellaneous	148,031	174,962	180,193	(5,231)
Total expenditures	2,031,681	2,058,612	1,774,316	284,296
Excess (deficiency) of revenues over (under) expenditures	341,939	315,008	(47,426)	(362,434)
Other financing sources and (uses): Transfers out	0	0	(16,175)	(16,175)
Net change in fund balance	\$341,939	\$315,008	(63,601)	(\$378,609)
Adjustment from budgetary basis to generally accepted accounting principles basis			243,301	
Fund balances, beginning of year			355,283	
Fund balances, end of year			\$534,983	

See Notes to Required Supplementary Information.

Lee County, Illinois

Required Supplementary Information Multiyear Schedule of IMRF Contributions and Other Post-Employment Benefits

Lee County Regular Plan Multiyear Schedule of Contributions Last 10 Fiscal Years

Fiscal Year Ending November 30,	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution As a % of Covered Valuation Payroll
2016	\$493,399	\$493,399	\$0	\$5,142,021	9.60%
2015	520,380	520,380	0	5,240,889	9.93%

* Estimated based on contribution rate of 9.60% and covered valuation payroll of \$5,142,021.

*The County implemented GASB Statement No. 68 in November 30, 2015. Lee County is commingled with the Lee County Regular Plan (Plan). Multiyear Schedule of Contributions is presented for the Plan.

Lee County SLEP Multiyear Schedule of Contributions Last 10 Fiscal Years

Fiscal Year Ending November 30,	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution As a % of Covered Valuation Payroll
2016	\$419,753	\$419,753	\$0	\$2,056,983	20.41%
2015	383,675	386,675	0	1,954,703	19.63%

* Estimated based on contribution rate of 20.41% and covered valuation payroll of \$2,056,983.

*The County implemented GASB Statement No. 68 in November 30, 2015.

Other Post-Employment Benefits:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
11/30/16	0	\$844,567	\$844,567	0.00%	N/A	N/A
11/30/13	0	2,724,532	2,724,532	0.00%	N/A	N/A
11/30/10	0	1,739,329	1,739,329	0.00%	N/A	N/A

Information for prior years is not available as the County implemented GASB Statement No. 45 in fiscal year 2010.

Lee County, Illinois

Schedules of Required Supplementary Information Multiyear Schedule of Changes in Net Pension Liability and Related Ratios IMRF SLEP Plan Last 10 Calendar Years (schedule to be built prospectively from 2014)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Calendar year ending December 31,										
Total pension liability:										
Service cost	\$397,090	\$401,921								
Interest on the total pension liability	1,187,373	1,077,999								
Benefit changes	0	0								
Difference between expected and actual experience	(125,340)	333,763								
Assumption changes	44,200	217,716								
Benefit payments and refunds	(625,238)	(516,093)								
Net change in total pension liability	878,085	1,515,306								
Total pension liability - beginning	15,945,713	14,430,407								
Total pension liability - ending (a)	\$16,823,798	\$15,945,713								
Plan fiduciary net position:										
Employer contributions	\$384,797	\$428,412								
Employee contributions	167,367	150,732								
Pension plan net investment income	71,918	828,882								
Benefit payments and refunds	(625,238)	(516,093)								
Other	(147,827)	(28,515)								
Net change in plan fiduciary net position	(148,983)	863,418								
Plan fiduciary net position - beginning	14,420,125	13,556,707								
Plan fiduciary net position - ending (b)	\$14,271,142	\$14,420,125								
Net pension liability(asset) - Ending (a) - (b)	2,552,656	1,525,588								
Plan fiduciary net position as a percentage of total pension liability	84.83%	90.43%								
Covered valuation payroll	2,056,983	2,009,763								
Net pension liability as a percentage of covered valuation payroll	124.10%	75.91%								

Lee County, Illinois

Notes to Required Supplementary Information

Note 1 Basis of Accounting

The County budget is prepared on the cash basis for all budgeted funds, including the major funds as presented in the Required Supplementary Information.

Note 2 Excess of Expenditures Over Appropriations

The following major fund had an excess of disbursements over appropriations (non-GAAP basis):

	Budget	Actual
Illinois Municipal Retirement Fund	\$742,304	\$821,580

Note 3 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate for IMRF *

Valuation date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2015 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period.
	Taxing bodies (Regular, SLEP and ECO groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period).
	Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
	SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	4.00%
Price Inflation	3.0% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.40% to 16.00% including inflation

Lee County, Illinois

Notes to Required Supplementary Information

Note 3 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate for IMRF * (continued)

Investment Rate of Return	7.50%	
Retirement Age		Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010.
Mortality		RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation.

Lee County, Illinois

General Fund

Schedule of Expenditures Budget (Non-GAAP Basis) and Actual

For the year ended November 30, 2016

Supplementary Information

	Budget Original	Budget Final	Actual	Variance with Final Budget
County clerk's office:				
Salary	\$61,062	\$61,062	\$61,045	\$17
Overtime	3,000	3,000	1,853	1,147
Salary - others	240,962	240,962	246,661	(5,699)
Temporary and part-time help	4,000	4,000	3,794	206
Longevity	1,800	1,800	1,800	0
Repair and maintenance agreements	25,000	25,000	25,000	0
Telephone	336	336	336	0
Office supplies	15,000	15,000	13,754	1,246
Purchase of real estate transfer stamp	150,000	150,000	150,000	0
Payroll processing	2,000	2,000	5,128	(3,128)
Postage	4,000	4,000	4,000	0
Election expenses (judges, ballots, others)	208,000	208,000	191,360	16,640
National Voter Registration Act	2,000	2,000	2,000	0
Laredo/tapestry	12,000	12,000	8,643	3,357
Education and training	1,500	1,500	754	746
	730,660	730,660	716,128	14,532
County treasurer's office:				
Salary - officer	61,062	61,062	61,045	17
Overtime	2,000	2,000	1,949	51
Salary - others	95,463	95,463	97,662	(2,199)
Temporary and part-time help	10,000	10,000	5,706	4,294
Longevity	0	0	0	0
Programming	7,382	7,382	7,592	(210)
Telephone	336	336	756	(420)
Office supplies	9,161	9,161	6,680	2,481
Postage	8,350	8,350	7,772	578
Publishing	1,800	1,800	1,334	466
	195,554	195,554	190,496	5,058
Circuit clerk's office:				
Salary - officer	62,062	62,062	61,062	1,000
Salary - others	330,416	330,416	263,695	66,721
Longevity	0	0	0	0
Annual audit	7,750	7,750	4,000	3,750
Office supplies	11,065	11,065	14,401	(3,336)
	411,293	411,293	343,158	68,135

Lee County, Illinois

General Fund
 Schedule of Expenditures Budget (Non-GAAP Basis) and Actual
 (Continued)
 For the year ended November 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget
County sheriff's office:				
Salary - officer	73,813	73,813	73,775	38
Salary - deputy and assistants	2,176,553	2,176,553	2,239,897	(63,344)
Overtime	150,000	150,000	222,200	(72,200)
Temporary and part-time help	120,140	120,140	116,810	3,330
Holiday pay	131,958	131,958	138,743	(6,785)
Safety director	2,500	2,500	2,500	0
ETSB overtime credit	3,000	3,000	245	2,755
Merit commission	2,000	2,000	2,000	0
Furniture and equipment	0	0	0	0
Automobile repairs	25,000	25,000	24,914	86
Radios	30,000	30,000	44,211	(14,211)
Automobiles	117,824	117,824	117,824	0
Repair ad maintenance agreement	28,400	28,400	27,420	980
Automobile gasoline and oil	85,000	85,000	51,547	33,453
Telephone	30,000	30,000	25,944	4,056
Office supplies	57,023	57,023	61,525	(4,502)
Food for prisoners	81,500	81,500	73,095	8,405
Clothing	4,136	4,136	5,564	(1,428)
Prisoner's medical and hospital care	65,388	65,388	70,708	(5,320)
Postage	3,000	3,000	1,809	1,191
Deputy education and training	9,700	9,700	14,464	(4,764)
Debt service - principle	0	0	0	0
Debt service - interest	0	0	0	0
	3,196,935	3,196,935	3,315,195	(118,260)
County coroner:				
Salary - officer	40,500	40,500	40,500	0
Salary - deputy and assistant	10,000	10,000	10,675	(675)
Salary - others	31,571	31,571	32,450	(879)
Temporary and part-time help	1,850	1,850	1,737	113
Longevity	0	0	0	0
Other professional fees	40,000	40,000	49,850	(9,850)
Repairs and maintenance	400	400	0	400
Telephone	4,500	4,500	3,883	617
Office supplies	1,900	1,900	0	1,900
County burial	5,000	5,000	1,240	3,760
Jurors' fees	500	500	0	500
Postage	250	250	0	250
Education and training	1,000	1,000	665	335
	137,471	137,471	141,000	(3,529)

Lee County, Illinois

General Fund
 Schedule of Expenditures Budget (Non-GAAP Basis) and Actual
 (Continued)
 For the year ended November 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget
Superintendent of educational service region:				
Salary - deputy and assistant	28,850	28,850	28,729	121
Contractual services	9,786	9,786	9,349	437
Repairs and maintenance	500	500	5,767	(5,267)
Supplies	1,037	1,037	843	194
Field services	18,877	18,877	3,121	15,756
Rent	0	0	4,956	(4,956)
	59,050	59,050	52,765	6,285
States attorney:				
Salary - officer	166,508	166,508	166,508	0
Salary - deputy and assistants	214,000	214,000	206,254	7,746
Salary - others	126,000	126,000	129,517	(3,517)
Salary - Victim Witness Grant	25,100	25,100	25,100	0
Temporary and part-time help	10,000	10,000	20,362	(10,362)
Longevity	0	0	0	0
Victim Witness Coordinator	11,980	11,980	11,926	54
States attorney appellate prosecutor	12,000	12,000	12,000	0
Contractual services	50,000	50,000	24,534	25,466
Repairs and maintenance agreements	8,000	8,000	3,056	4,944
Supplies	7,000	7,000	6,769	231
Law books and other subscriptions	16,000	16,000	23,616	(7,616)
Transportation of prisoners	5,000	5,000	2,959	2,041
Postage	5,000	5,000	2,762	2,238
Education and training	10,000	10,000	14,784	(4,784)
	666,588	666,588	650,147	16,441
Public defender:				
Salary - officer	61,295	61,295	62,174	(879)
Salary - deputy and assistants	48,238	48,238	49,117	(879)
Salary - others	30,850	30,850	31,729	(879)
Contractual services	32,000	32,000	32,000	0
Supplies	2,000	2,000	2,000	0
Longevity	1,800	1,800	1,800	0
Education and training	1,000	1,000	1,000	0
	177,183	177,183	179,820	(2,637)

Lee County, Illinois

General Fund
 Schedule of Expenditures Budget (Non-GAAP Basis) and Actual
 (Continued)
 For the year ended November 30, 2016

	Budget Original	Budget Original	Actual	Variance with Final Budget
Animal control:				
Salary - officer	27,750	27,750	28,629	(879)
Salary - others	26,750	26,750	20,745	6,005
Longevity	1,800	1,800	0	1,800
Repairs and maintenance	1,200	1,200	416	784
Gasoline and oil	3,700	3,700	2,040	1,660
Telephone	7,300	7,300	4,724	2,576
Supplies	3,500	3,500	1,999	1,501
Postage	3,500	3,500	3,260	240
	75,500	75,500	63,613	11,887
Courthouse:				
Overtime	5,500	5,500	5,384	116
Salary - others	204,816	204,816	207,267	(2,451)
Temporary and part-time help	0	0	0	0
Longevity	1,800	1,800	1,800	0
Repairs and maintenance - Old Courthouse	47,500	47,500	30,798	16,702
Repairs and maintenance - LOTS	0	0	0	0
Repairs and maintenance - Law Enforcement Center	32,000	32,000	13,623	18,377
Repairs and maintenance - New Courts Building	54,000	54,000	65,546	(11,546)
Gasoline and oil	14,000	14,000	9,931	4,069
Heat, light and water - Old Courthouse	4,500	4,500	2,333	2,167
Heat, light and water - Law Enforcement Center	47,000	47,000	34,214	12,786
Heat, light and water - New Courts Building	46,000	46,000	34,362	11,638
Heat, light and water - parking lot/ storage building	150,000	150,000	148,082	1,918
Telephone - LOTS	3,000	3,000	1,362	1,638
Telephone	0	0	0	0
Maintenance	35,000	35,000	29,027	5,973
Supplies	18,000	18,000	12,493	5,507
	663,116	663,116	596,618	66,498
Associate judge (Ackert):				
Repair and maintenance agreements	2,600	2,600	2,427	173
Office supplies	1,100	1,100	915	185
Education and training	1,000	1,000	446	554
	4,700	4,700	3,788	912

Lee County, Illinois

General Fund
 Schedule of Expenditures Budget (Non-GAAP Basis) and Actual
 (Continued)
 For the year ended November 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget
Associate judge (Beckman):				
Salary - others	34,541	34,541	35,385	(844)
Longevity	0	0	0	0
Office supplies	1,500	1,500	1,473	27
Education and training	500	500	470	30
	36,541	36,541	37,328	(787)
Presiding judge (Jacobson):				
Salary - others	11,000	11,000	7,333	3,667
Longevity	1,800	1,800	0	1,800
Contractual services	75,000	75,000	90,268	(15,268)
Furniture and office equipment	0	0	0	0
Independent services	72,000	72,000	72,000	0
Repairs and maintenance	3,000	3,000	1,875	1,125
Office supplies	2,500	2,500	791	1,709
Law books and other subscriptions	8,600	8,600	11,593	(2,993)
Jurors' meals	1,500	1,500	0	1,500
Education and training	5,000	5,000	3,320	1,680
Dues to organization	2,500	2,500	2,465	35
Court administration operation	900	900	900	0
	183,800	183,800	190,545	(6,745)
County board:				
Salary - others	38,845	38,845	39,725	(880)
Salary - administrator	120,000	120,000	25,962	94,038
Temporary and part-time help	1,000	1,000	1,000	0
Per diem and committee service	60,500	60,500	54,576	5,924
Salary and expense of chairman	6,000	6,000	6,000	0
Contractual services	9,400	9,400	40,212	(30,812)
Repairs and maintenance	1,400	1,400	1,037	363
Supplies	2,500	2,500	1,672	828
Dues to organizations	4,900	4,900	4,306	594
Resource conservation and development	8,400	8,400	8,456	(56)
LCIDA	15,000	15,000	10,000	5,000
Auto expense	0	0	600	(600)
Telephone	0	0	150	(150)
Professional fees, dues and subscriptions	0	0	7	(7)
Northeast criminal justice	2,500	2,500	2,459	41
Municipal code book, publishing, etc.	3,100	3,100	1,759	1,341
	273,545	273,545	197,921	75,624

Lee County, Illinois

General Fund
 Schedule of Expenditures Budget (Non-GAAP Basis) and Actual
 (Continued)
 For the year ended November 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget
Insurance and bonds:				
Funding of employee group insurance	912,000	912,000	912,000	0
Probation office:				
Salary - officer	82,692	82,692	76,666	6,026
Salary - deputy and assistants	357,812	357,812	333,476	24,336
Salary - others	29,745	29,745	30,645	(900)
Salary - overtime	1,200	1,200	899	301
Temporary and part-time help	1,000	1,000	1,143	(143)
Longevity	0	0	0	0
Machine maintenance	3,000	3,000	2,964	36
Postage	1,500	1,500	1,488	12
Dependent child care	27,612	27,612	25,180	2,432
	504,561	504,561	472,461	32,100
Circuit judge:				
Salary - others	38,510	38,510	39,355	(845)
Repairs and maintenance	1,000	1,000	629	371
Supplies	1,280	1,280	635	645
Education and training	500	500	0	500
LSSI	11,330	11,330	11,330	0
CASA	17,000	17,000	17,000	0
	69,620	69,620	68,949	671
Zoning office:				
Salary - officer	68,238	68,238	69,117	(879)
Salary - other	1,364	1,364	915	449
Repairs and maintenance	700	700	88	612
Gas and oil	2,600	2,600	1,260	1,340
Telephone	1,000	1,000	960	40
Postage	0	0	5	(5)
Office supplies	500	500	8,360	(7,860)
Board of Appeals	4,476	4,476	2,397	2,079
	78,878	78,878	83,102	(4,224)
Accounting and auditing	45,000	45,000	40,685	4,315

Lee County, Illinois

General Fund
 Schedule of Expenditures Budget (Non-GAAP Basis) and Actual
 (Continued)
 For the year ended November 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget
Jurois' certificates	10,000	10,000	10,000	0
Sick pay	113,094	113,094	135,360	(22,266)
IMRF Reimbursement	0	0	56,926	(56,926)
Miscellaneous	0	0	70,773	(70,773)
ESDA:				
Salary - officer	26,000	26,000	26,706	(706)
Contractual services	4,257	4,257	4,275	(18)
Furniture and equipment	3,370	3,370	15,358	(11,988)
Repairs and maintenance	2,400	2,400	2,188	212
Gasoline and oil	1,500	1,500	1,290	210
Telephone	6,500	6,500	7,838	(1,338)
Supplies	1,500	1,500	1,614	(114)
Postage	73	73	19	54
Travel and meeting	1,438	1,438	1,519	(81)
Grant expenditures	2,000	2,000	2,505	(505)
	49,038	49,038	63,312	(14,274)
Contingencies	50,000	50,000	3,694	46,306
Computer service:				
Salary - officer	58,250	58,250	59,129	(879)
Programming	54,846	54,846	52,214	2,632
Furniture and equipment	9,000	9,000	9,096	(96)
Repairs and maintenance	2,000	2,000	1,994	6
Web resources	1,418	1,418	5,074	(3,656)
	125,514	125,514	127,507	(1,993)
Regional planning commission:				
Salary - clerk	1,364	1,364	343	1,021
Per diem	4,232	4,232	996	3,236
Supplies	200	200	0	200
Postage	0	0	0	0
	5,796	5,796	1,339	4,457

Lee County, Illinois

General Fund
 Schedule of Expenditures Budget (Non-GAAP Basis) and Actual
 (Continued)
 For the year ended November 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget
Supervisor or assessments/property records:				
Salary - officer	65,172	65,172	66,051	(879)
Salary - overtime	0	0	0	0
Salary - others	132,577	132,577	127,631	4,946
Temporary and part-time help	0	0	2,541	(2,541)
Per idem and committee services	5,700	5,700	5,662	38
Longevity	1,800	1,800	1,800	0
Programming	11,345	11,345	11,585	(240)
Contractual services	13,250	13,250	11,293	1,957
Computer equipment	600	600	800	(200)
Repairs and maintenance	500	500	178	322
Telephone	336	336	348	(12)
Supplies, etc.	3,500	3,500	2,615	885
Postage	1,300	1,300	1,300	0
Travel and meeting	3,000	3,000	1,369	1,631
Board of review	250	250	232	18
Training	0	0	3,014	(3,014)
Publishing	13,150	13,150	5,330	7,820
	252,480	252,480	241,749	10,731
Total expenditures	\$9,027,917	\$9,027,917	\$8,966,399	\$61,518

Lee County, Illinois

General Fund
 Combining Balance Sheet
 November 30, 2016

ASSETS	General Account	Solid Waste Management Account	Capital Projects Account	Capital Improvement Replacement Account	Total General Fund
Cash, deposits, and investments	\$2,058,143	\$1,632,131	\$5,755,940	\$78,109	\$9,524,323
Inventory	77,233	0	0	0	77,233
Property taxes receivable	2,979,174	0	0	0	2,979,174
Accounts receivable	211,498	125,115	0	0	336,613
Due from the State	769,575	0	0	0	769,575
Due from other funds	26,892	960	201,464	0	229,316
Total assets	\$6,122,515	\$1,758,206	\$5,957,404	\$78,109	\$13,916,234

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities:					
Accounts payable	\$142,567	\$7,747	\$0	\$39,531	\$189,845
Accrued payroll	175,283	297	0	0	175,580
Accrued compensated absences	43,294	0	0	0	43,294
Accrued interest	0	0	0	0	0
Due to others	0	0	0	0	0
Due to other funds	0	0	0	0	0
Total liabilities	361,144	8,044	0	39,531	408,719

Deferred inflows of resources -
 Unavailable property taxes

	2,979,174	0	0	0	2,979,174
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Fund balances:

Nonspendable	77,233	0	0	0	77,233
Restricted	0	1,750,162	0	0	1,750,162
Committed	0	0	0	0	0
Assigned	0	0	5,957,404	38,578	5,995,982
Unassigned	2,704,964	0	0	0	2,704,964
Total fund balances	2,782,197	1,750,162	5,957,404	38,578	10,528,341

Total liabilities, deferred
 inflows of resources and
 fund balances

	\$6,122,515	\$1,758,206	\$5,957,404	\$78,109	\$13,916,234
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Lee County, Illinois

General Fund
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 For the year ended November 30, 2016

	General Account	Solid Waste Management Account	Capital Projects Account	Capital Improvement Replacement Account	Total General Fund
Revenues:					
Property taxes	\$2,661,225	\$0	\$0	\$0	\$2,661,225
Intergovernmental revenue	3,756,334	0	0	0	3,756,334
Licenses and permits	213,305	0	0	0	213,305
Charges for services	1,762,959	660,801	0	0	2,423,760
Interest	3,477	4,869	54,554	0	62,900
Other revenue	354,583	0	0	0	354,583
Total revenues	8,751,883	665,670	54,554	0	9,472,107

Expenditures:

Current:					
General control and administration	2,719,116	0	2,330	61,084	2,782,530
Public safety	3,843,214	0	0	0	3,843,214
Judiciary and court related	2,285,918	0	0	0	2,285,918
Public health and welfare	0	174,415	0	0	174,415
Highways and streets	0	0	0	0	0
Debt service:	0	0	0	0	0
Principal	122,846	0	0	0	122,846
Interest	2,184	0	0	0	2,184
Capital outlay	140,638	0	0	0	140,638
Total expenditures	9,113,916	174,415	2,330	61,084	9,351,745

Excess (deficiency) of revenues over expenditures

	(362,033)	491,255	52,224	(61,084)	120,362
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Other financing sources and (uses):

Transfers in	694,853	0	503,154	25,000	1,223,007
Transfers out	(25,000)	(534,601)	(675,678)	0	(1,235,279)
Proceeds from capital lease	67,455	0	0	0	67,455
Total other financing sources (uses)	737,308	(534,601)	(172,524)	25,000	55,183

Net change in fund balance

	375,275	(43,346)	(120,300)	(36,084)	175,545
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Fund balances, beginning of year

	2,406,922	1,793,508	6,077,704	74,662	10,352,796
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Fund balances, end of year

	\$2,782,197	\$1,750,162	\$5,957,404	\$38,578	\$10,528,341
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Lee County, Illinois

Non-Major Governmental
 Combining Balance Sheet
 November 30, 2016

ASSETS	Total Non-Major Governmental	Special Revenue Funds		
		Special Recording Automation	Vital Records Automation	County Collector Automation
Cash, deposits, and investments	\$7,659,924	\$100,617	\$2,984	\$11,255
Inventory	14,472	0	0	0
Property taxes receivable	2,519,360	0	0	0
Accounts receivable	476,148	2,138	294	25
Due from the State	243,241	0	0	0
Due from other funds	37,874	4,371	214	0
Total assets	\$10,951,019	\$107,126	\$3,492	\$11,280

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities:				
Accounts payable	\$126,440	\$1,537	\$0	\$861
Accrued payroll	72,029	0	0	0
Accrued compensated absences	9,756	0	0	0
Due to other funds	268,051	0	0	35
Total liabilities	476,276	1,537	0	896

Deferred inflows of resources -

Deferred revenues	52,571	0	0	0
Unavailable property taxes	2,519,360	0	0	0
Total deferred inflows of resources	2,571,931	0	0	0

Fund balances:

Nonspendable	14,472	0	0	0
Restricted	8,031,396	105,589	3,492	10,384
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	(143,056)	0	0	0
Total fund balances	7,902,812	105,589	3,492	10,384

Total liabilities, deferred inflows of resources and fund balances

	\$10,951,019	\$107,126	\$3,492	\$11,280
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Lee County, Illinois
 Non-Major Governmental
 Combining Balance Sheet
 (Continued)
 November 30, 2016

ASSETS	Special Revenue Funds				
	County Tourism Promotion	Indemnity	G.I.S Recording Fees	Grant	Child Support Enforcement Program
Cash, deposits, and investments	\$13,059	\$415,222	\$98,668	\$0	\$97,933
Inventory	0	0	0	0	0
Property taxes receivable	0	0	0	0	0
Accounts receivable	10,244	0	7,973	0	1,584
Due from the State	0	0	0	0	0
Due from other funds	0	0	2,282	0	0
Total assets	\$23,303	\$415,222	\$108,913	\$0	\$99,517

**LIABILITIES, DEFERRED INFLOWS OF
 RESOURCES AND FUND BALANCES**

Liabilities:					
Accounts payable	\$11,626	\$0	\$4,965	\$0	\$90
Accrued payroll	0	0	1,412	0	1,733
Accrued compensated absences	0	0	0	0	0
Due to other funds	213	0	0	0	7,615
Total liabilities	11,839	0	6,377	0	9,438
Deferred inflows of resources:					
Deferred revenues	0	0	0	0	0
Unavailable property taxes	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	0
Fund balances:					
Nonspendable	0	0	0	0	0
Restricted	11,464	415,222	102,536	0	90,079
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Total fund balances	11,464	415,222	102,536	0	90,079
Total liabilities, deferred inflows of resources and fund balances	\$23,303	\$415,222	\$108,913	\$0	\$99,517

Lee County, Illinois
 Non-Major Governmental
 Combining Balance Sheet
 (Continued)
 November 30, 2016

ASSETS	Special Revenue Funds					
	Probation Services	Court Document Storage	Circuit Clerk Automation Fee	Circuit Clerk Operations	Law Library	
Cash, deposits, and investments	\$137,132	\$181,742	\$93,182	\$63,085	\$73,951	
Inventory	0	0	0	0	0	
Property taxes receivable	0	0	0	0	0	
Accounts receivable	12,555	12,800	12,064	1,174	1,350	
Due from the State	0	0	0	0	0	
Due from other funds	0	0	0	0	8,789	
Total assets	\$149,687	\$194,542	\$105,246	\$64,259	\$84,090	

**LIABILITIES, DEFERRED INFLOWS OF
 RESOURCES AND FUND BALANCES**

Liabilities:					
Accounts payable	\$1,674	\$9,837	\$1,825	\$1,165	\$1,436
Accrued payroll	0	852	2,198	0	520
Accrued compensated absences	0	0	0	0	0
Due to other funds	2,714	1,268	1,264	0	0
Total liabilities	4,388	11,957	5,287	1,165	1,956
Deferred inflows of resources:					
Deferred revenues	0	0	0	0	0
Unavailable property taxes	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	0
Fund balances:					
Nonspendable	0	0	0	0	0
Restricted	145,299	182,585	99,959	63,094	82,134
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Total fund balances	145,299	182,585	99,959	63,094	82,134
Total liabilities, deferred inflows of resources and fund balances	\$149,687	\$194,542	\$105,246	\$64,259	\$84,090

Lee County, Illinois
 Non-Major Governmental
 Combining Balance Sheet
 (Continued)
 November 30, 2016

ASSETS	Special Revenue Funds				
	Drug Forfeiture	Home Confinement	JJC Council	JJC Youth Diversions	
Cash, deposits, and investments	\$8,419	\$14,154	\$12,769	\$12,087	
Inventory	0	0	0	0	
Property taxes receivable	0	0	0	0	
Accounts receivable	53	500	0	366	
Due from the State	0	0	0	0	
Due from other funds	0	250	0	2,292	
Total assets	\$8,472	\$14,904	\$12,769	\$14,745	

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities:					
Accounts payable	\$0	\$0	\$0	\$0	
Accrued payroll	0	0	0	0	
Accrued compensated absences	0	0	0	0	
Due to other funds	0	0	0	0	
Total liabilities	0	0	0	0	
Deferred inflows of resources:					
Deferred revenues	0	0	0	0	
Unavailable property taxes	0	0	0	0	
Total deferred inflows of resources	0	0	0	0	
Fund balances:					
Nonspendable	0	0	0	0	
Restricted	8,472	14,904	12,769	14,745	
Committed	0	0	0	0	
Assigned	0	0	0	0	
Unassigned	0	0	0	0	
Total fund balances	8,472	14,904	12,769	14,745	
Total liabilities, deferred inflows of resources and fund balances	\$8,472	\$14,904	\$12,769	\$14,745	

Lee County, Illinois
 Non-Major Governmental
 Combining Balance Sheet
 (Continued)
 November 30, 2016

ASSETS	Special Revenue Funds					
	Title IV E	Drug Street Fine	Marriage	Drug Court	Domestic Violence	
Cash, deposits, and investments	\$324	\$4,171	\$7,349	\$29,529	\$6,453	
Inventory	0	0	0	0	0	
Property taxes receivable	0	0	0	0	0	
Accounts receivable	0	2,705	0	904	693	
Due from the State	0	0	0	0	0	
Due from other funds	0	0	0	0	0	
Total assets	\$324	\$6,876	\$7,349	\$30,433	\$7,146	

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities:					
Accounts payable	\$0	\$96	\$0	\$2,272	\$0
Accrued payroll	0	0	0	0	0
Accrued compensated absences	0	0	0	0	0
Due to other funds	0	280	0	160	0
Total liabilities	0	376	0	2,432	0
Deferred inflows of resources:					
Deferred revenues	0	0	0	0	0
Unavailable property taxes	0	0	0	0	0
Total deferred inflows of resources	0	0	0	0	0
Fund balances:					
Nonspendable	0	0	0	0	0
Restricted	324	6,500	7,349	28,001	7,146
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Total fund balances	324	6,500	7,349	28,001	7,146
Total liabilities, deferred inflows of resources and fund balances	\$324	\$6,876	\$7,349	\$30,433	\$7,146

Lee County, Illinois
 Non-Major Governmental
 Combining Balance Sheet
 (Continued)
 November 30, 2016

ASSETS	Special Revenue Funds				
	State's Attorney Collection	State's Attorney Records Automation	Social Services for Senior Citizens	Tuberculosis Sanatorium	Veterans Assistance
Cash, deposits, and investments	\$1,287	\$12,134	\$6,832	\$75,148	\$185,765
Inventory	0	0	0	0	0
Property taxes receivable	0	0	102,500	12,500	37,500
Accounts receivable	0	370	0	43	0
Due from the State	0	0	0	0	0
Due from other funds	0	0	2,000	0	0
Total assets	\$1,287	\$12,504	\$111,332	\$87,691	\$223,265

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities:					
Accounts payable	\$0	\$0	\$0	\$0	\$2,471
Accrued payroll	0	0	0	0	462
Accrued compensated absences	0	0	0	0	0
Due to other funds	0	0	0	0	2,427
Total liabilities	0	0	0	0	5,360
Deferred inflows of resources:					
Deferred revenues	0	0	0	0	0
Unavailable property taxes	0	0	102,500	12,500	37,500
Total deferred inflows of resources	0	0	102,500	12,500	37,500
Fund balances:					
Nonspendable	0	0	0	0	0
Restricted	1,287	12,504	8,832	75,191	180,405
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Total fund balances	1,287	12,504	8,832	75,191	180,405
Total liabilities, deferred inflows of resources and fund balances	\$1,287	\$12,504	\$111,332	\$87,691	\$223,265

Lee County, Illinois
 Non-Major Governmental
 Combining Balance Sheet
 (Continued)
 November 30, 2016

ASSETS	Special Revenue Funds				
	Animal Control	Lee County Cooperative Extension Service	Arrestee's Medical Costs	Mental Health	Pet Population
Cash, deposits, and investments	\$57,537	\$8,884	\$12,024	\$28,410	\$35,066
Inventory	0	0	0	0	0
Property taxes receivable	0	136,860	0	0	0
Accounts receivable	2,124	0	130	565	1,180
Due from the State	0	0	0	0	0
Due from other funds	0	0	0	160	0
Total assets	\$59,661	\$145,744	\$12,154	\$29,135	\$36,246

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities:					
Accounts payable	\$1,253	\$0	\$0	\$0	\$1,206
Accrued payroll	0	0	0	0	0
Accrued compensated absences	0	0	0	0	0
Due to other funds	201,464	0	250	0	0
Total liabilities	202,717	0	250	0	1,206
Deferred inflows of resources:					
Deferred revenues	0	0	0	0	0
Unavailable property taxes	0	136,860	0	0	0
Total deferred inflows of resources	0	136,860	0	0	0
Fund balances:					
Nonspendable	0	0	0	0	0
Restricted	0	8,884	11,904	29,135	35,040
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	(143,056)	0	0	0	0
Total fund balances	(143,056)	8,884	11,904	29,135	35,040
Total liabilities, deferred inflows of resources and fund balances	\$59,661	\$145,744	\$12,154	\$29,135	\$36,246

Lee County, Illinois
 Non-Major Governmental
 Combining Balance Sheet
 (Continued)
 November 30, 2016

ASSETS	Special Revenue Funds				
	County Special Bridge	Federal Aid Secondary Matching	County Motor Fuel Tax	Police Vehicle	Coroner
Cash, deposits, and investments	\$690,702	\$1,441,069	\$738,310	\$5,633	\$20,652
Inventory	0	0	0	0	0
Property taxes receivable	241,500	304,500	0	0	0
Accounts receivable	314,803	0	0	2,759	300
Due from the State	0	0	45,164	0	0
Due from other funds	432	0	1,474	0	0
Total assets	\$1,247,437	\$1,745,569	\$784,948	\$8,392	\$20,952

**LIABILITIES, DEFERRED INFLOWS OF
 RESOURCES AND FUND BALANCES**

Liabilities:					
Accounts payable	\$14,677	\$4,600	\$31,332	\$0	\$383
Accrued payroll	0	0	0	0	0
Accrued compensated absences	0	0	0	0	0
Due to other funds	0	0	0	0	0
Total liabilities	14,677	4,600	31,332	0	383
Deferred inflows of resources:					
Deferred revenues	0		52,571		
Unavailable property taxes	241,500	304,500	0	0	0
Total deferred inflows of resources	241,500	304,500	52,571	0	0
Fund balances:					
Nonspendable	0	0	0	0	0
Restricted	991,260	1,436,469	701,045	8,392	20,569
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Total fund balances	991,260	1,436,469	701,045	8,392	20,569
Total liabilities, deferred inflows of resources and fund balances	\$1,247,437	\$1,745,569	\$784,948	\$8,392	\$20,952

Lee County, Illinois
 Non-Major Governmental
 Combining Balance Sheet
 (Continued)
 November 30, 2016

ASSETS	Special Revenue Funds				
	County Highway	County Health	Social Security	Sheriff Tow	
Cash, deposits, and investments	\$959,763	\$680,331	\$1,087,561	\$28,741	
Inventory	0	14,472	0	0	
Property taxes receivable	653,000	556,000	475,000	0	
Accounts receivable	35,751	49,101	0	1,600	
Due from the State	0	198,077	0	0	
Due from other funds	13,272	0	2,338	0	
Total assets	\$1,661,786	\$1,697,981	\$1,564,899	\$30,341	

**LIABILITIES, DEFERRED INFLOWS OF
 RESOURCES AND FUND BALANCES**

Liabilities:				
Accounts payable	\$12,180	\$20,954	\$0	\$0
Accrued payroll	23,481	24,685	16,686	0
Accrued compensated absences	6,788	2,968	0	0
Due to other funds	0	50,361	0	0
Total liabilities	42,449	98,968	16,686	0
Deferred inflows of resources -				
Deferred revenue				
Unavailable property taxes	653,000	556,000	475,000	0
Total deferred inflows of resources	653,000	556,000	475,000	0
Fund balances:				
Nonspendable	0	14,472	0	0
Restricted	966,337	1,028,541	1,073,213	30,341
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Total fund balances	966,337	1,043,013	1,073,213	30,341
Total liabilities, deferred inflows of resources and fund balances	\$1,661,786	\$1,697,981	\$1,564,899	\$30,341

Lee County, Illinois

Non-Major Governmental
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 For the year ended November 30, 2016

	Total Non-Major Governmental	Special Revenue Funds		
		Special Recording Automation	Vital Records Automation	County Collector Automation
Revenues:				
Property taxes	\$2,554,354	\$0	\$0	\$0
Intergovernmental revenue	1,998,095	0	0	0
Licenses and permits	117,885	0	0	0
Charges for services	1,602,460	28,193	4,342	6,334
Interest	8,552	32	0	5
Other revenue	214,862	0	0	6,848
Total revenues	6,496,208	28,225	4,342	13,187
Expenditures:				
Current:				
General control and administration	411,614	34,333	3,000	22,180
Public safety	188,845	0	0	0
Judiciary and court related	593,410	0	0	0
Public health and welfare	1,645,431	0	0	0
Highways and streets	2,609,521	0	0	0
Debt service:				
Principal	0	0	0	0
Interest	0	0	0	0
Capital outlay	323,598	0	0	0
Total expenditures	5,772,419	34,333	3,000	22,180
Excess (deficiency) of revenues over expenditures	723,789	(6,108)	1,342	(8,993)
Other financing sources and (uses):				
Transfers in	31,447	0	0	0
Transfers out	(3,000)	0	0	0
Total other financing sources (uses)	28,447	0	0	0
Net change in fund balance	752,236	(6,108)	1,342	(8,993)
Fund balances, beginning of year	7,150,576	111,697	2,150	19,377
Fund balances, end of year	\$7,902,812	\$105,589	\$3,492	\$10,384

Lee County, Illinois

Non-Major Governmental
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 (Continued)
 For the year ended November 30, 2016

	Special Revenue Funds				
	County Tourism Promotion	Indemnity	G.I.S Recording Fees	Grant	Child Support Enforcement Program
Revenues:					
Property taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental revenue	0	0	0	0	0
Licenses and permits	0	0	0	0	0
Charges for services	150,552	15,511	118,349	0	21,569
Interest	0	511	28	0	0
Other revenue	0	22,935	0	0	0
Total revenues	150,552	38,957	118,377	0	21,569
Expenditures:					
Current:					
General control and administration	150,147	2,719	94,160	686	0
Public safety	0	0	0	0	0
Judiciary and court related	0	0	0	0	64,913
Public health and welfare	0	0	0	0	0
Highways and streets	0	0	0	0	0
Debt service:					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Capital outlay	0	0	0	0	0
Total expenditures	150,147	2,719	94,160	686	64,913
Excess (deficiency) of revenues over expenditures	405	36,238	24,217	(686)	(43,344)
Other financing sources and (uses):					
Transfers in	0	0	0	0	0
Transfers out	0	0	0	0	0
Total other financing sources (uses)	0	0	0	0	0
Net change in fund balance	405	36,238	24,217	(686)	(43,344)
Fund balances, beginning of year	11,059	379,984	78,319	686	133,423
Fund balances (deficit), end of year	\$11,464	\$415,222	\$102,536	\$0	\$90,079

Lee County, Illinois

Non-Major Governmental
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 (Continued)
 For the year ended November 30, 2016

	Special Revenue Funds				
	Probation Services	Court Document Storage	Circuit Clerk Automation Fee	Circuit Clerk Operations	Law Library
Revenues:					
Property taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental revenue	0	0	0	0	0
Licenses and permits	0	0	0	0	0
Charges for services	107,774	140,219	145,477	13,835	17,270
Interest	0	70	41	0	0
Other revenue	0	0	0	0	0
Total revenues	107,774	140,289	145,518	13,835	17,270

Expenditures:					
Current:					
General control and administration	0	0	0	0	0
Public safety	0	0	0	0	0
Judiciary and court related	70,386	81,399	157,050	3,445	28,857
Public health and welfare	0	0	0	0	0
Highways and streets	0	0	0	0	0
Debt service:					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Capital outlay	25,000	167,199	72,130	0	0
Total expenditures	95,386	248,598	229,180	3,445	28,857

Excess (deficiency) of revenues over expenditures	12,388	(108,309)	(83,662)	10,390	(11,587)
Other financing sources and (uses):					
Transfers in	0	0	0	0	0
Transfers out	0	0	0	0	0
Total other financing sources (uses)	0	0	0	0	0

Net change in fund balance	12,388	(108,309)	(83,662)	10,390	(11,587)
Fund balances, beginning of year	132,911	290,894	183,621	52,704	93,721
Fund balances (deficit), end of year	\$145,299	\$182,585	\$99,959	\$63,094	\$82,134

Lee County, Illinois

Non-Major Governmental
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 (Continued)
 For the year ended November 30, 2016

	Special Revenue Funds				
	Drug Forfeiture	Home Confinement	JJC Council	JJC Youth Diversion	Title IV E
Revenues:					
Property taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental revenue	0	0	79,636	0	0
Licenses and permits	0	0	0	0	0
Charges for services	2,270	1,823	0	7,443	0
Interest	19	4	1	4	0
Other revenue	0	0	0	0	0
Total revenues	2,289	1,827	79,637	7,447	0

Expenditures:					
Current:					
General control and administration	0	0	0	0	0
Public safety	0	0	0	0	0
Judiciary and court related	2,162	0	29,752	6,169	0
Public health and welfare	0	0	0	0	0
Highways and streets	0	0	0	0	0
Debt service:					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Capital outlay	0	0	0	0	0
Total expenditures	2,162	0	29,752	6,169	0

Excess (deficiency) of revenues over expenditures	127	1,827	49,885	1,278	0
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Other financing sources and (uses):					
Transfers in	0	0	0	0	0
Transfers out	0	0	0	0	0
Total other financing sources (uses)	0	0	0	0	0

Net change in fund balance	127	1,827	49,885	1,278	0
Fund balances, beginning of year	8,345	13,077	(37,116)	13,467	324
Fund balances (deficit), end of year	\$8,472	\$14,904	\$12,769	\$14,745	\$324

Lee County, Illinois

Non-Major Governmental
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 (Continued)

For the year ended November 30, 2016

	Special Revenue Funds					State's Attorney Collection
	Drug Street Fine	Marriage	Drug Court	Domestic Violence		
Revenues:						
Property taxes	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental revenue	0	0	0	0	0	0
Licenses and permits	0	0	0	0	0	0
Charges for services	9,431	0	17,472	2,244	548	548
Interest	2	0	13	1	1	1
Other revenue	0	0	0	0	0	0
Total revenues	9,433	0	17,485	2,245	549	549
Expenditures:						
Current:						
General control and administration	0	0	0	0	0	0
Public safety	0	0	0	0	0	0
Judiciary and court related	9,124	0	38,839	0	5,633	5,633
Public health and welfare	0	0	0	0	0	0
Highways and streets	0	0	0	0	0	0
Debt service:						
Principal	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0
Total expenditures	9,124	0	38,839	0	5,633	5,633
Excess (deficiency) of revenues over expenditures	309	0	(21,354)	2,245	(5,084)	(5,084)
Other financing sources and (uses):						
Transfers in	0	0	0	0	0	0
Transfers out	0	0	0	0	0	0
Total other financing sources (uses)	0	0	0	0	0	0
Net change in fund balance	309	0	(21,354)	2,245	(5,084)	(5,084)
Fund balances, beginning of year	6,191	7,349	49,355	4,901	6,371	6,371
Fund balances (deficit), end of year	\$6,500	\$7,349	\$28,001	\$7,146	\$1,287	\$1,287

Lee County, Illinois

Non-Major Governmental
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 (Continued)

For the year ended November 30, 2016

	Special Revenue Funds				
	State's Attorney Automation	Social Services for Senior Citizens	Tuberculosis Sanatorium	Veterans Assistance	
Revenues:					
Property taxes	\$0	\$102,602	\$25,115	\$74,622	\$74,622
Intergovernmental revenue	0	0	0	0	0
Licenses and permits	0	0	0	0	0
Charges for services	2,881	0	1,145	0	0
Interest	0	0	65	0	0
Other revenue	0	0	322	0	0
Total revenues	2,881	102,602	26,647	74,622	74,622
Expenditures:					
Current:					
General control and administration	0	0	0	0	44,808
Public safety	0	0	0	0	0
Judiciary and court related	0	0	0	0	0
Public health and welfare	0	102,800	18,565	0	0
Highways and streets	0	0	0	0	0
Debt service:					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Capital outlay	0	0	0	0	0
Total expenditures	0	102,800	18,565	44,808	44,808
Excess (deficiency) of revenues over expenditures	2,881	(198)	8,082	29,814	29,814
Other financing sources and (uses):					
Transfers in	0	0	0	0	0
Transfers out	0	0	0	0	0
Total other financing sources (uses)	0	0	0	0	0
Net change in fund balance	2,881	(198)	8,082	29,814	29,814
Fund balances, beginning of year	9,623	9,030	67,109	150,591	150,591
Fund balances (deficit), end of year	\$12,504	\$8,832	\$75,191	\$180,405	\$180,405

Lee County, Illinois

Non-Major Governmental
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 (Continued)
 For the year ended November 30, 2016

	Special Revenue Funds			
	Animal Control	Lee County Cooperative Extension Service	Arrestee's Medical Costs	Mental Health
Revenues:				
Property taxes	\$0	\$137,042	\$0	\$0
Intergovernmental revenue	0	0	0	0
Licenses and permits	41,800	0	0	0
Charges for services	0	0	3,509	3,855
Interest	0	0	3	8
Other revenue	0	0	0	0
Total revenues	41,800	137,042	3,512	3,863

Expenditures:				
Current:				
General control and administration	0	0	0	0
Public safety	8,110	0	0	0
Judiciary and court related	0	0	0	0
Public health and welfare	0	136,000	0	1,168
Highways and streets	0	0	0	0
Debt service:				
Principal	0	0	0	0
Interest	0	0	0	0
Capital outlay	0	0	0	0
Total expenditures	8,110	136,000	0	1,168

Excess (deficiency) of revenues over expenditures	33,690	1,042	3,512	2,695
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Other financing sources and (uses):				
Transfers in	0	0	0	0
Transfers out	0	0	0	0
Total other financing sources (uses)	0	0	0	0

Net change in fund balance	33,690	1,042	3,512	2,695
Fund balances, beginning of year	(176,746)	7,842	8,392	26,440
Fund balances (deficit), end of year	(\$143,056)	\$8,884	\$11,904	\$29,135

Lee County, Illinois

Non-Major Governmental
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 (Continued)
 For the year ended November 30, 2016

	Special Revenue Funds					
	Pet Population	County Special Bridge	Federal Aid Secondary Matching	Motor Fuel Tax	County Police Vehicle	
Revenues:						
Property taxes	\$0	\$241,086	\$304,224	\$0	\$0	\$0
Intergovernmental revenue	0	583,067	0	711,830	0	0
Licenses and permits	0	0	0	0	0	0
Charges for services	20,307	0	0	0	0	9,208
Interest	0	0	3,139	553	1	1
Other revenue	0	16,006	0	84,343	0	0
Total revenues	20,307	840,159	307,363	796,726	9,209	9,209

Expenditures:						
Current:						
General control and administration	0	0	0	0	0	0
Public safety	15,835	0	0	0	0	3,747
Judiciary and court related	0	0	0	0	0	0
Public health and welfare	0	0	0	0	0	0
Highways and streets	0	474,408	88,465	824,200	0	0
Debt service:						
Principal	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Capital outlay	0	59,269	0	0	0	0
Total expenditures	15,835	533,677	88,465	824,200	3,747	3,747

Excess (deficiency) of revenues over expenditures	4,472	306,482	218,898	(27,474)	5,462
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Other financing sources and (uses):					
Transfers in	0	0	0	0	0
Transfers out	(3,000)	0	0	0	0
Total other financing sources (uses)	(3,000)	0	0	0	0

Net change in fund balance	1,472	306,482	218,898	(27,474)	5,462
Fund balances, beginning of year	33,568	684,778	1,217,571	728,519	2,930
Fund balances (deficit), end of year	\$35,040	\$991,260	\$1,436,469	\$701,045	\$8,392

Lee County, Illinois

Non-Major Governmental
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
(Continued)

For the year ended November 30, 2016

	Special Revenue Funds					Sheriff Tow
	Coroner	County Highway	County Health	Social Security		
Revenues:						
Property taxes	\$0	\$640,017	\$555,353	\$474,293	\$0	\$0
Intergovernmental revenue	0	104,081	519,481	0	0	0
Licenses and permits	0	0	76,085	0	0	0
Charges for services	8,583	510,857	206,655	0	24,804	0
Interest	6	1,392	2,618	0	35	0
Other revenue	0	58,349	26,059	0	0	0
Total revenues	8,589	1,314,696	1,386,251	474,293	24,839	24,839
Expenditures:						
Current:						
General control and administration	0	0	0	59,581	0	0
Public safety	6,162	0	0	142,089	12,902	0
Judiciary and court related	0	0	0	95,681	0	0
Public health and welfare	0	0	1,347,549	39,349	0	0
Highways and streets	0	1,183,306	0	39,142	0	0
Debt service:						
Principal	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Capital outlay	0	0	0	0	0	0
Total expenditures	6,162	1,183,306	1,347,549	375,842	12,902	12,902
Excess (deficiency) of revenues over expenditures	2,427	131,390	38,702	98,451	11,937	11,937
Other financing sources and (uses):						
Transfers in	0	31,447	0	0	0	0
Transfers out	0	0	0	0	0	0
Total other financing sources (uses)	0	31,447	0	0	0	0
Net change in fund balance	2,427	162,837	38,702	98,451	11,937	11,937
Fund balances, beginning of year	18,142	803,500	1,004,311	974,762	18,404	18,404
Fund balances, end of year	\$20,569	\$966,337	\$1,043,013	\$1,073,213	\$30,341	\$30,341

Lee County, Illinois

Internal Service Fund
Liability Insurance Fund
Schedule of Revenues, Expenses, and Changes in Net Position -
Budget (Non-GAAP Basis) and Actual

For the year ended November 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget
Revenues:				
Taxes -				
Property taxes	\$356,966	\$356,966	\$356,602	(\$364)
Other revenue -				
Miscellaneous	0	0	429	429
Interest	0	0	50	50
Total revenues	356,966	356,966	357,081	115
Expenses:				
Insurance and bonds	351,800	351,800	325,776	26,024
Other	3,350	3,350	3,143	207
Total expenses	355,150	355,150	328,919	26,231
Operating income	1,816	1,816	28,162	26,346
Other financing sources and (uses) -				
Transfers in	0	0	0	0
Change in net position	\$1,816	\$1,816	28,162	\$26,346
Adjustment from budgetary basis to generally accepted accounting principles basis			(2,994)	
Net position, beginning of year			415,496	
Net position, end of year			\$440,664	

Lee County, Illinois

Internal Service Fund
Employee Group Insurance Fund
Schedule of Revenues, Expenses, and Changes in Net Position -
Budget (Non-GAAP Basis) and Actual
For the year ended November 30, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget
Revenues:				
Insurance reimbursement - General Fund	\$912,000	\$912,000	\$912,000	\$0
Insurance reimbursement - Health Department	146,256	146,256	158,724	12,468
Insurance reimbursement - Highway Department	121,250	121,250	158,701	37,451
Insurance reimbursement - GIS	6,391	6,391	6,391	0
Insurance reimbursement - employee contribution	371,290	371,290	404,840	33,550
Insurance reimbursement - retirees contribution	42,800	42,800	20,772	(22,028)
Insurance reimbursement - Rural Transportation	4,000	4,000	6,924	2,924
Insurance reimbursement - FSA funding	24,244	24,244	20,543	(3,701)
Insurance refund	0	0	0	0
Cobra premiums	7,490	7,490	0	(7,490)
Interest	0	0	62	62
Total revenues	1,635,721	1,635,721	1,688,957	53,236
Expenses:				
Premiums	377,425	377,425	1,311,126	(933,701)
Deductible reimbursement	256,800	256,800	260,002	(3,202)
Dental claims	57,780	57,780	58,010	(230)
Dental administration fees	3,996	3,996	3,993	3
Life insurance	3,745	3,745	3,455	290
FSA administration costs	1,380	1,380	1,530	(150)
FSA payments	24,244	24,244	19,660	4,584
Miscellaneous	0	0	0	0
Total expenses	725,370	725,370	1,657,776	(932,406)
Change in net position	\$910,351	\$910,351	31,181	(\$879,170)
Adjustment from budgetary basis to generally accepted accounting principles basis			(21,830)	
Net position, beginning of year			337,767	
Net position, end of year			\$347,118	

Lee County, Illinois

Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the year ended November 30, 2016

Escrow #1	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets -				
Cash in banks	\$16,164	\$108,921	\$76,400	\$48,685
Accounts receivable	58,700	0	58,700	0
Total assets	\$74,864	\$108,921	\$135,100	\$48,685
Liabilities -				
Agency funds due to others	\$74,864	\$108,921	\$135,100	\$48,685
Township Motor Fuel				
Assets -				
Cash in banks	\$994,844	\$1,380,591	\$711,735	\$1,663,700
Due from the state	404,012	0	404,012	0
Total assets	\$1,398,856	\$1,380,591	\$1,115,747	\$1,663,700
Liabilities -				
Accounts payable	\$5,111	\$60,609	\$5,111	\$60,609
Agency funds due to others	1,393,745	1,319,982	1,110,636	1,603,091
Total liabilities	\$1,398,856	\$1,380,591	\$1,115,747	\$1,663,700
Township Bridge Program				
Assets -				
Cash in banks	\$260,121	\$626,302	\$601,908	\$284,515
Liabilities -				
Accounts payable	\$0	\$349,861	\$0	\$349,861
Agency funds due to others	260,121	276,441	601,908	(65,346)
Total liabilities	\$260,121	\$626,302	\$601,908	\$284,515

Lee County, Illinois

Combining Statement of Changes in Assets and Liabilities
All Agency Funds
(Continued)
For the year ended November 30, 2016

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
DUI Equipment				
Assets -				
Cash in banks	\$11,412	\$11,038	\$14,065	\$8,385
Accounts receivable	0	2,375	0	2,375
Total assets	\$11,412	\$13,413	\$14,065	\$10,760
Liabilities -				
Accounts payable	\$2,806	\$110	\$2,806	\$110
Agency funds due to others	8,606	13,303	11,259	10,650
Total liabilities	\$11,412	\$13,413	\$14,065	\$10,760
Commissary				
Assets -				
Cash in banks	\$68,762	\$106,515	\$141,506	\$33,771
Accounts receivable	9,431	13,457	9,431	13,457
Total assets	\$78,193	\$119,972	\$150,937	\$47,228
Liabilities -				
Accounts payable	\$8,686	\$11,232	\$8,686	\$11,232
Agency funds due to others	69,507	108,740	142,251	35,996
Total liabilities	\$78,193	\$119,972	\$150,937	\$47,228
County Clerk				
Assets -				
Cash in banks	\$127,750	\$1,405,472	\$1,382,069	\$151,153
Agency funds due to others				
Total assets	\$127,750	\$1,405,472	\$1,382,069	\$151,153
Liabilities -				
Agency funds due to others				
Total liabilities	\$127,750	\$1,405,472	\$1,382,069	\$151,153
County Collector				
Assets -				
Cash in banks	\$130,238	\$59,700,148	\$59,570,223	\$260,163
Agency funds due to others				
Total assets	\$130,238	\$59,700,148	\$59,570,223	\$260,163
Liabilities -				
Agency funds due to others				
Total liabilities	\$130,238	\$59,700,148	\$59,570,223	\$260,163

Lee County, Illinois

Combining Statement of Changes in Assets and Liabilities
All Agency Funds
(Continued)
For the year ended November 30, 2016

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Circuit Clerk				
Assets -				
Cash in banks	\$917,371	\$2,570,253	\$2,682,212	\$805,412
Agency funds due to others				
Total assets	\$917,371	\$2,570,253	\$2,682,212	\$805,412
Liabilities -				
Agency funds due to others				
Total liabilities	\$917,371	\$2,570,253	\$2,682,212	\$805,412
Maple Grove Drainage Distribution				
Assets -				
Cash in banks	\$7,704	\$13,750	\$6,910	\$14,544
Agency funds due to others				
Total assets	\$7,704	\$13,750	\$6,910	\$14,544
Liabilities -				
Agency funds due to others				
Total liabilities	\$7,704	\$13,750	\$6,910	\$14,544
Hannon Marion Drainage				
Assets -				
Cash in banks	\$23,664	\$10,262	\$2,648	\$31,278
Agency funds due to others				
Total assets	\$23,664	\$10,262	\$2,648	\$31,278
Liabilities -				
Agency funds due to others				
Total liabilities	\$23,664	\$10,262	\$2,648	\$31,278
Hamilton Hahnman Drainage				
Assets -				
Cash in banks	\$14,582	\$3,062	\$14,426	\$3,218
Agency funds due to others				
Total assets	\$14,582	\$3,062	\$14,426	\$3,218
Liabilities -				
Agency funds due to others				
Total liabilities	\$14,582	\$3,062	\$14,426	\$3,218
Harmon Drainage Dist No. 1				
Assets -				
Cash in banks	\$6,316	\$6,114	\$4,078	\$8,352
Agency funds due to others				
Total assets	\$6,316	\$6,114	\$4,078	\$8,352
Liabilities -				
Agency funds due to others				
Total liabilities	\$6,316	\$6,114	\$4,078	\$8,352

Lee County, Illinois

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

(Continued)

For the year ended November 30, 2016

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Harmon Drainage Dist No. 2				
Assets -				
Cash in banks	\$26,807	\$3,762	\$4,838	\$25,731
Liabilities -				
Agency funds due to others	\$26,807	\$3,762	\$4,838	\$25,731
Harmon Montmorency Drainage				
Assets -				
Cash in banks	\$8,317	\$9,310	\$11,573	\$6,054
Liabilities -				
Agency funds due to others	\$8,317	\$9,310	\$11,573	\$6,054
All Agency Funds				
Assets:				
Cash, deposits, and investments	\$2,614,052	\$65,955,500	\$65,224,591	\$3,344,961
Accounts receivable	68,131	15,832	68,131	15,832
Due from other governments	404,012	0	404,012	0
Total assets	\$3,086,195	\$65,971,332	\$65,696,734	\$3,360,793
Liabilities:				
Accounts payable	\$16,603	\$421,812	\$16,603	\$421,812
Agency funds due to others	3,069,592	65,549,520	65,680,131	2,938,981
Total liabilities	\$3,086,195	\$65,971,332	\$65,696,734	\$3,360,793

Other Information

Lee County, Illinois

Schedule of Assessed Valuations, Tax Levies, Tax Extensions, and Tax Rates Tax Years 2015 and 2014

Assessed Valuation	2015		2014			
	\$718,274,387	\$703,127,600				
Fund	Levy	Rate	Extension	Levy	Rate	Extension
County General	\$2,798,272	0.3709	\$2,664,080	\$2,601,375	0.3543	\$2,491,181
County Highway	640,500	0.0892	640,701	640,500	0.0911	640,549
Federal Aid Secondary Matching	304,500	0.0424	304,548	304,500	0.0433	304,454
County Special Bridge	241,500	0.0336	241,340	241,500	0.0343	241,173
County Health	556,000	0.0774	555,944	556,000	0.0791	556,174
Tuberculosis Sanatorium	25,000	0.0035	25,140	25,000	0.0036	25,313
Illinois Municipal Retirement	725,000	0.1009	724,739	600,000	0.0853	599,768
County Veterans Assistance	75,000	0.0104	74,701	75,000	0.0107	75,235
Liability Insurance	356,966	0.0497	356,982	356,966	0.0508	357,189
Social Security	475,000	0.0661	474,779	600,000	0.0853	599,768
Social Services for Senior Citizens	102,500	0.0143	102,713	102,500	0.0146	102,656
Extension Education	136,860	0.0191	137,190	136,860	0.0195	137,110
	\$6,437,098	0.8775	\$6,302,857	\$6,240,201	0.8719	\$6,130,570